

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** On its last trading session, the March crude contract rallied more than 1% to its highest level this year. The crude market posted a low of \$55.48 early in the session as the market was pressured by Tuesday's EIA report stating that US shale production in March is expected to reach a record 8.4 million bpd. However, the market bounced off its low and rallied higher on news that the spokesman for Nigeria's President Muhammadu Buhari said Nigeria is willing to reduce its output to help secure higher prices. The market was also supported by comments made by Saudi Arabia's Energy Minister, Khalid Al-Falih, that he hoped the oil market would be balanced by April, a signal that the country will continue to take a proactive approach. The crude market traded to a high of \$57.55 early in the afternoon before it retraced some of its gains ahead of its expiration. The March WTI contract settled up 83 cents at \$56.92 while the April WTI contract settled up 71 cents at \$57.16. The April Brent contract settled up 63 cents at \$67.08. Meanwhile, the product markets ended the session in positive territory, with the heating oil market settling up 2.37 cents at \$2.0183 and the RBOB market settling up 3.43 cents at \$1.5981.

**Fundamental News:** Bloomberg reported that crude stocks held in Cushing, Oklahoma increased by 800,000 barrels to 42.4 million barrels in the week ending February 15<sup>th</sup>.

The spokesman for Nigeria's President Muhammadu Buhari said Nigeria is willing to reduce its output to help secure higher prices, after an envoy from Saudi Arabia called on Nigeria to adhere to the OPEC and non-OPEC output cut agreement.

The OPEC Joint Technical Committee assessed compliance with the OPEC and non-OPEC production cuts agreement in January of 83%. The compliance level for OPEC alone was at 91%.

Saudi Arabia's Energy Minister, Khalid Al-Falih, said he hoped the oil market would be balanced by April and that there would be no gap in supplies due to US sanctions imposed on Iran and Venezuela. He also stated the commitment to the OPEC and non-OPEC output cut deal is unquestionable. He said he wants global inventory to be around the five year average level.

Separately, Saudi Arabia's Energy Minister, Khalid Al-Falih, said the country is expected to reach an agreement this year to resume oil output from the Neutral Zone it shares with Kuwait. Resuming production from the Neutral Zone's oilfields could add up to 500,000 bpd each to the oil output of Saudi Arabia and Kuwait. Saudi Arabia's Energy Minister met with the Emir of Kuwait, Sheikh Sabah al-Ahmad, on Tuesday.

PDVSA said a fire started in a crude oil pumping station in Venezuela's Orinoco belt region on Tuesday, disrupting crude transportation as the company struggles with the impact of US sanctions. The fire at the Ero pumping station, which has the capacity to transport 300,000 bpd of crude, was controlled and no one was injured.

IIR Energy reported that US oil refiners are expected to shut in 1.76 million bpd of capacity in the week ending February 22<sup>nd</sup>, increasing available refining capacity by 41,000 bpd from the previous week. IIR expects offline capacity to fall to 1.06 million bpd in the week ending March 1<sup>st</sup>.

US waterborne crude imports increased by 1.21 million bpd to 3.85 million bpd in the week ending February 15<sup>th</sup>.

Genscape reported that heavy fog in the Houston area in the week ending February 8<sup>th</sup> impacted inbound and outbound vessel movements, resulting in a lengthy queue of ships waiting to enter the Houston Ship Channel. Weekly imports to Padd 3 fell by 53% to 6.929 million barrels or 990,000 bpd.

**Early Market Call - as of 8:05 AM EDT**

WTI - Apr \$57.21, up 5 cents

RBOB - Mar \$1.5948, down 33 points

HO - Mar \$2.0196, up 3 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-19	\$2.0183	\$0.0237	\$0.0795
Apr-19	\$2.0181	\$0.0221	\$0.0824
May-19	\$2.0167	\$0.0215	\$0.0832
Jun-19	\$2.0160	\$0.0204	\$0.0819
Jul-19	\$2.0208	\$0.0191	\$0.0814
Aug-19	\$2.0279	\$0.0182	\$0.0822
Sep-19	\$2.0379	\$0.0177	\$0.0833
Oct-19	\$2.0473	\$0.0175	\$0.0842
Nov-19	\$2.0560	\$0.0171	\$0.0840
Dec-19	\$2.0634	\$0.0171	\$0.0831
Jan-20	\$2.0695	\$0.0169	\$0.0825
Feb-20	\$2.0699	\$0.0167	\$0.0815
Mar-20	\$2.0661	\$0.0165	\$0.0806
Apr-20	\$2.0548	\$0.0165	\$0.0791
May-20	\$2.0467	\$0.0162	\$0.0780
Jun-20	\$2.0427	\$0.0158	\$0.0767
Jul-20	\$2.0437	\$0.0158	\$0.0754

Sprague HeatCurve Oct 2019-Apr 2020		\$2.0635	
Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-	\$57.1600	\$0.7100
Crude - Brent	WTI Spread	\$67.0800	\$0.6300
Natural Gas	\$9.92	\$2.6360	-\$0.0260
Gasoline		\$1.5981	\$0.0343

## API Weekly Report for the Week Ending February 15, 2019

	Actual	Mkt Expectations
<b>Crude Oil Stocks(exl SPR)</b>	Up 1.255 million barrels	Up 3/3.5 million barrels
Cushing, OK Crude Stocks	Up 3.2 million barrels	Up 2.7 million barrels
<b>Gasoline Stocks</b>	Down 1.6 million barrels	Down 1.1 million barrels
<b>Distillate Stocks</b>	Down 758,000 barrels	Down 1.4 million barrels
<b>Refinery Runs</b>		Up 1.5%, at 87.4%

## NYMEX Heating Oil Mar-Apr Spread

## NYMEX RBOB Mar-Apr Spread

