

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** After opening the session just above unchanged, May WTI retreated, testing support provided by yesterday's break above \$63.55. A lack of failure to trade below this level validated its position as support, sparking a fresh round of buying. Oil prices jumped further, reaching their highest level in 6 weeks after the EIA reported a draw of 2.6 million barrels in U.S. crude oil inventories. Expectations were calling for a build of 2.5 million. This spot contract peaked the session at \$65.26 before shedding some gains to settle at \$65.17, a barrel up \$1.63, or 2.57%. Brent for May delivery tacked on 42.05, up 3.04%, to settle at \$69.47 a barrel.

April RBOB added 2.4% to \$2.012 a gallon, while April heating oil rose 2.8% to \$2.004 a gallon.

**Fundamental News:** Saudi Arabia's Crown Prince, Mohammed bin Salman, said he sees a stable oil market ahead, adding that the country has an 84-year supply of crude.

The US Interior Department held the largest lease sale in US history in the offshore Gulf of Mexico on Wednesday. The Gulf of Mexico oil and gas lease sale yielded \$124.76 million in high bids. It received a total of 159 bids on 148 blocks, from about 33 companies. The auction of more than 77 million acres is part of an effort by President Donald Trump's administration to increase US output by lowering royalty rates, opening up more public lands, and rolling back environmental protections.

Russia's Energy Minister, Alexander Novak, said the oil market is expected to rebalance starting in the third quarter. He said a meeting of the OPEC-plus committee to monitor the market was set to be held in the second part of April. He said Russia was keeping the benchmark for global oil inventories at the five-year average.

Bloomberg reported that crude oil imports to the US Gulf Coast fell by 626,000 bpd to 2.03 million bpd in the week ending March 16<sup>th</sup>.

The OPEC and non-OPEC technical committee forecast compliance with oil output cuts in February at a new record high of 138%. Separately, according to a OPEC statement, OPEC's commercial oil stocks are now 44 million barrels above the 5-year average.

The Norwegian Petroleum Directorate estimated that Norway's preliminary oil output fell in February to 1.559 million bpd from 1.624 million bpd in January. Norway's natural gas production fell to 10.2 billion cubic meters in February, down from 11.3 billion cubic meters in January.

IIR reported that US oil refiners are expected to shut in 847,000 bpd of capacity in the week ending March 23<sup>rd</sup>, increasing available refining capacity by 36,000 bpd from the previous week. IIR expects offline capacity to increase to 875,000 bpd in the week ending March 30<sup>th</sup>.

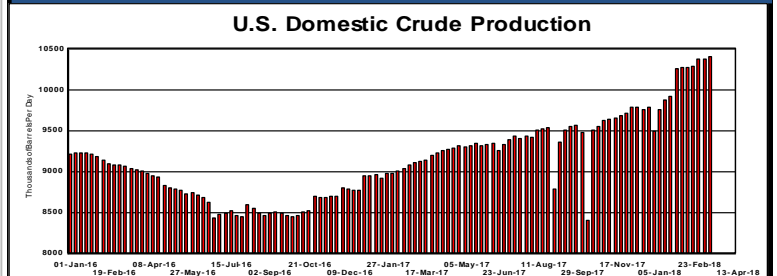
Euroilstock reported that Europe's refinery output in February increased 1% on the month and 4.5% on the year to 11.164 million bpd. European gasoline output in February fell by 0.5% on the month and up 7.4% on the year to 2.596 million bpd while middle distillates output increased by 0.5% on the month and 4.2% on the year to 5.743 million bpd and fuel oil output increased by 3.2% on the month but fell by 4.3% on the year to 1.19 million bpd. Europe's refinery crude intake fell by 0.8% on the month but increased by 7.4% on the year to 10.95 million bpd.

**Early Market Call - as of 9:00 AM EDT**

WTI - May \$64.80, down 36 cents  
 RBOB - Apr \$1.9947, down 1.67 cents  
 HO - Apr \$1.9870, down 1.69 cents

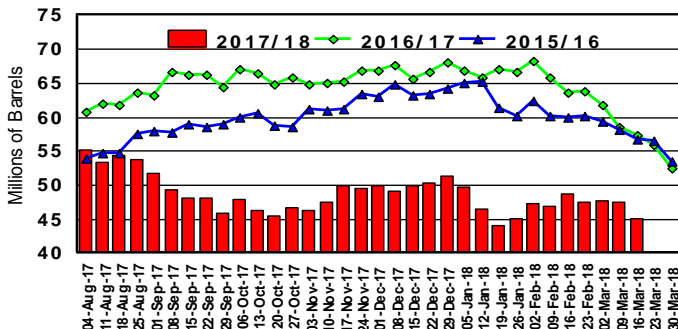
Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$2.0037	\$0.0542	\$0.1166
May-18	\$2.0074	\$0.0544	\$0.1156
Jun-18	\$2.0097	\$0.0547	\$0.1156
Jul-18	\$2.0104	\$0.0549	\$0.1146
Aug-18	\$2.0103	\$0.0547	\$0.1130
Sep-18	\$2.0117	\$0.0549	\$0.1122
Oct-18	\$2.0130	\$0.0549	\$0.1108
Nov-18	\$2.0131	\$0.0552	\$0.1087
Dec-18	\$2.0112	\$0.0549	\$0.1062
Jan-19	\$2.0106	\$0.0538	\$0.1038
Feb-19	\$2.0067	\$0.0525	\$0.1003
Mar-19	\$1.9963	\$0.0502	\$0.0950
Apr-19	\$1.9775	\$0.0481	\$0.0903
May-19	\$1.9639	\$0.0460	\$0.0869
Jun-19	\$1.9545	\$0.0448	\$0.0848
Jul-19	\$1.9524	\$0.0442	\$0.0842
Aug-19	\$1.9522	\$0.0436	\$0.0826
Sep-19	\$1.9555	\$0.0430	\$0.0810

		Close	Change
Crude - WTI	May Brent-WTI Spread \$4.30	\$65.1700	\$1.6300
Crude - Brent		\$69.4700	\$2.0500
Natural Gas		\$2.6380	-\$0.0370
Gasoline		\$2.0122	\$0.0463



## EIA Weekly Petroleum Status Report for the Week Ending March 16, 2018

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 2.622 million barrels  
 Cushing, OK Crude Stocks Up 905,000 barrels  
**Gasoline Stocks** Down 1.693 million barrels  
**Distillate Stocks** Down 2.022 million barrels  
**Refinery % Operated** 91.7%, Up 1.7%

#### PADD #1

	Week Ending Mar 16, 2018	Week Ending March 9, 2018	Week Ending Mar 17, 2017
Distillate Stocks (in million bbls)	6.7	7.2	9.9
Central Atlantic	27.4	28.1	34.8
Total PADD #1	44.9	47.3	57.3
Distillate Imports (thousands b/d)	94	219	126