

Market Commentary

Recap: The oil market rallied higher on Tuesday morning on news that President Donald Trump fired Secretary of State Rex Tillerson. The Secretary of State's firing increases risks to a multinational agreement to limit Iran's nuclear capabilities, raising questions about potential effects on its output. President Trump is replacing Tillerson with CIA Director Mike Pompeo, a critic of Iran, who has called for the 2015 nuclear agreement between Iran and six world powers to be scrapped. The crude market posted a high of \$61.97 early in the session. However, the market later gave up all of its gains and sold off to a low of \$60.27 amid concerns over rising US production and as the equities markets fell. The market later settled in a sideways trading range ahead of the release of the weekly petroleum stock reports later on Tuesday and Wednesday morning. The April WTI contract settled down 65 cents at \$60.71. The April-May WTI spread moved into contango, as the May contract settled down 58 cents at \$60.75. Meanwhile, the May Brent contract settled down 54 cents at \$64.95. The product markets ended mixed, with the heating oil market settling up 92 points at \$1.8739 and the RBOB market settling down 77 points at \$1.8863.

Fundamental News: RBC chief commodities strategist, Helima Croft, US President, Donald Trump, replacing Secretary of State, Rex Tillerson, with CIA Director, Mike Pompeo, may be "pretty bullish for oil." The move has potentially very big implications for both the Iran deal and US policy towards Venezuela. The new Secretary of State, who is known as something of an Iran hawk, will likely push for the US to exit the nuclear deal in May and advocate for tougher sanctions on Venezuela.

Loadings at the Libyan oil export port of Zawiya restarted after a deal was reached with strikers. Late on Monday, several oil and trading sources said a strike by workers at the port was delaying loading activity but negotiations were under way to resolve the dispute. Workers at Zawiya, which exports crude from Libya's El Sharara field, were protesting over salaries. Meanwhile, Libya's El Sharara oilfield was producing about 300,000 bpd of oil on Tuesday and was unaffected by earlier strike action at the Zawiya port.

According to Bloomberg, crude stocks held in Cushing, Oklahoma fell by 160,000 barrels to 28.02 million barrels in the week ending March 9th.

Bloomberg reported that preliminary US waterborne crude imports fell by 361,100 bpd to 4.22 million bpd in the week ending March 9th. Imports into the East Coast and Gulf Coasts fell by 227,700 bpd and 188,800 bpd, respectively. Shipments to the West Coast increased by 55,400 bpd to 1.09 million bpd.

North Dakota's Industrial Commission reported that the state's oil production fell by 7,000 bpd to 1.176 million bpd in January.

Renewable fuel credits for 2018 rebounded from an earlier decline on Tuesday, fluctuating after the US Environmental Protection Agency granted a bankrupt Philadelphia refiner significant relief from its biofuel obligations. The EPA and the Carlye Group-backed Philadelphia Energy Solutions refinery agreed on Monday that the refiner would have to satisfy only about half of its \$350 million worth of outstanding compliance obligations under the US Renewable Fuel Standard. The settlement, which must be approved by a federal judge, says PES does not have to go into market and buy some 250 million compliance credits covering 2016, 2017 and portions of 2018. This has raised concerns among biofuels producers that other independent refiners may also seek relief.

Early Market Call - as of 9:14 AM EDT

WTI - Apr \$61.16 up 45 cents
 RBOB - Apr \$1.9003 up 1.4 cents
 HO - Apr \$1.8815 up 76 points

All NYMEX | Prior Settlements

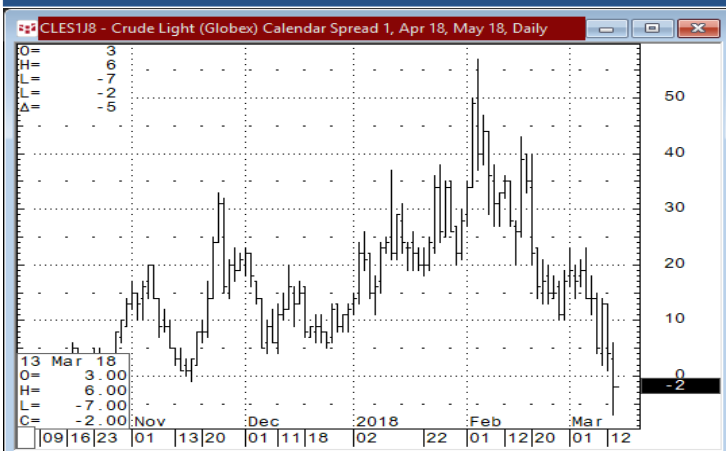
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$1.8739	\$0.0092	-\$0.0294
May-18	\$1.8769	\$0.0082	-\$0.0328
Jun-18	\$1.8796	\$0.0050	-\$0.0315
Jul-18	\$1.8819	\$0.0016	-\$0.0300
Aug-18	\$1.8840	-\$0.0006	-\$0.0285
Sep-18	\$1.8876	-\$0.0015	-\$0.0270
Oct-18	\$1.8913	-\$0.0020	-\$0.0249
Nov-18	\$1.8945	-\$0.0020	-\$0.0224
Dec-18	\$1.8956	-\$0.0019	-\$0.0215
Jan-19	\$1.8980	-\$0.0016	-\$0.0199
Feb-19	\$1.8980	-\$0.0013	-\$0.0176
Mar-19	\$1.8932	-\$0.0010	-\$0.0153
Apr-19	\$1.8793	-\$0.0004	-\$0.0133
May-19	\$1.8691	-\$0.0001	-\$0.0136
Jun-19	\$1.8621	\$0.0000	-\$0.0140
Jul-19	\$1.8610	\$0.0000	-\$0.0132
Aug-19	\$1.8634	\$0.0000	-\$0.0120
Aug-19	\$1.8689	\$0.0000	-\$0.0111

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$60.7500	-\$0.5800
Crude - Brent	WTI Spread	\$64.6400	-\$0.3100
Natural Gas	\$3.89	\$2.7860	\$0.0080
Gasoline		\$1.8863	-\$0.0077

API Report for the Week Ending March 9, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 1.2 million barrels	Up 2.5 million barrels
Cushing, OK Crude Stocks	Down 156,000 barrels	Down 160,000 barrels
Gasoline Stocks	Down 1.3 million barrels	Down 1.3 million barrels
Distillate Stocks	Down 4.3 million barrels	Down 1.4 million barrels
Refinery Runs	Up 85,000 bpd	Down 0.4% at 87.6%

NYMEX April-May WTI Spread



8-14 Day Weather Forecast

