

Market Commentary

Recap: The oil market retraced its previous losses on Thursday on improving market sentiments as signs emerged that the trade dispute is easing between the US and China. Global equities rose after the US expressed willingness to negotiate a resolution on trade after proposed US tariffs on \$50 billion in Chinese goods prompted a quick response from China that it would retaliate by targeting key American imports. The crude market retraced some of Wednesday's losses as it opened up 23 cents at \$63.60 before it posted a low of \$63.07 in overnight trading. However, the market bounced off that level and traded higher as the market closely tracked the equities markets and rallied to a high of \$64.12 in morning trading. The market was also supported by news that Saudi Arabia would raise its official selling prices of May crude. The oil market later erased some of its gains and settled in a sideways trading pattern during the remainder of the session. The May WTI settled at \$63.54, up 17 cents while the June Brent settled at \$68.33, up 31 cents. The product markets were mixed with the heating oil market settling down 8 points at \$1.9765 and the RBOB market settling up 48 points at \$1.9816.

Fundamental News: Saudi Aramco announced it was raising its May official selling price for Arab for Asian customers by 10 cents a barrel versus April levels to a premium of \$1.20 a barrels pegged to the Oman/Dubai average. The company raised its Arab Light OSP to Northwest Europe by 20 cents for May from the previous month at a discount of \$2.95 a barrels to the ICE Brent price. The Arab Light OSP to the United States was set at a premium of 60 cents a barrel to the Argus Sour Crude Index, down 10 cents a barrel from the previous month.

Genscape reported that crude oil inventories in Cushing, Oklahoma increased by 2.5 million barrels in the week ending April 3rd.

According to foreign data from the US Census Bureau, US crude oil exports reached 1.371 million bpd in February, up from 1.342 million bpd in January.

Statistics Canada reported that Canada's total crude exports fell by 410,000 bpd to 3.4 million bpd in February while its crude imports increased by 19,000 bpd to 658,000 bpd in February. Canada's crude exports to the US fell by 440,000 bpd to 3.26 million bpd in February while its imports from the US increased by 73,000 bpd to 447,000 bpd in February.

The Saudis said Thursday that the oil tanker "Abqaiq" that was attacked earlier this week west of Yemen's port of Al Hudaydah is one of its vessels. They said the VLCC suffered only minor damage and there were no injuries to the crew. The tanker has successfully resumed its northward journey across the Red Sea.

Qatar's Energy Minister, Mohammed al-Sada, said OPEC and its allies should maintain oil supply cuts to guarantee healthy price levels which will allow increased investment in the industry and help avoid a supply and price shock in the long run. He said supported the idea of creating a permanent platform for OPEC's cooperation with Russia even after the current round of joint oil supply cuts ends. He said that global demand was set to increase by 1.5 million bpd this year or by 1.5%.

Wood Mackenzie said about 30 upstream oil and gas projects are expected to be approved around the world this year, similar to 2017, as operators stay focused on less capital-intensive projects with quicker returns. It said six of the 30 projects it expects in 2018 have already been sanctioned. Projects launched this year are expected to cost about \$2.2 billion each, down from \$2.7 billion last year. The average break-even price will be about \$44/barrel of oil equivalent, down from \$52/barrel last year.

Early Market Call - as of 9:00 AM EDT

WTI - May \$63.30, down 25 cents

RBOB - May \$1.9770, down 46 points

HO - May \$1.9776, up 11 points

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-18	\$1.9765	-\$0.0008	-\$0.0445
Jun-18	\$1.9742	\$0.0000	-\$0.0448
Jul-18	\$1.9723	\$0.0005	-\$0.0457
Aug-18	\$1.9711	\$0.0009	-\$0.0460
Sep-18	\$1.9732	\$0.0011	-\$0.0453
Oct-18	\$1.9750	\$0.0015	-\$0.0440
Nov-18	\$1.9761	\$0.0016	-\$0.0425
Dec-18	\$1.9758	\$0.0016	-\$0.0409
Jan-19	\$1.9762	\$0.0015	-\$0.0400
Feb-19	\$1.9735	\$0.0014	-\$0.0393
Mar-19	\$1.9644	\$0.0013	-\$0.0385
Apr-19	\$1.9492	\$0.0021	-\$0.0359
May-19	\$1.9411	\$0.0029	-\$0.0328
Jun-19	\$1.9367	\$0.0030	-\$0.0316
Jul-19	\$1.9364	\$0.0023	-\$0.0319
Aug-19	\$1.9372	\$0.0022	-\$0.0316
Sep-19	\$1.9411	\$0.0021	-\$0.0310

Sprague HeatCurve Oct 2018-April 2019		\$1.9713
Other Front Month NYMEX		Close
Crude - WTI	June Brent- WTI Spread	\$63.5400
Crude - Brent	\$4.79	\$68.3300
Natural Gas		\$2.6750
Gasoline		\$1.9816
		\$0.0048

EIA Natural Gas Storage Report

	30-Mar-28	23-Mar-28	Change	Year Ago
East	229	242	-13	282
Midwest	266	284	-18	489
Mountain	87	88	-1	140
Pacific	166	166	0	211
South Central	606	603	3	932
Salt	188	181	7	290
Nonsalt	419	422	-3	646
Total	1,354	1,383	-29	2,055

Sprague HeatCurve Winter 2018/19

ICE June WTI-Brent Spread

