

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** Oil prices slipped in overnight trading however, WTI gained as the dollar weakened while Brent came under pressure as OPEC lead production cuts remain overshadowed by robust U.S. production. The early morning sell-off was attributed to Wednesday's rebound being perhaps a bit overdone. By mid-day, WTI rebounded, reclaiming early losses to trade higher on the day. Brent's attempt to recapture losses was feeble and this global benchmark ended the session down on the day. April Brent settled at \$64.33 a barrel, down 3 cents or 0.05%. March WTI tacked on 74 cents, or 1.22%, to finish the session at \$61.34 a barrel.

March RBOB rose 1.3% to end at \$1.7358 a gallon, while March heating oil gained 0.4% to settle at \$1.8916 a gallon.

**Fundamental News:** Genscape reported that crude oil stocks held in Cushing, Oklahoma in the week ending February 13<sup>th</sup> fell by 2,831,002 barrels on the week and by 1,783,578 barrels from Friday, February 9<sup>th</sup> to 32,565,383 barrels.

Venezuela's PDVSA is losing workers by the thousands, with as many as 10,000 leaving the company in just one week in January, due to protests against low wages and the increasing risks of accidents due to lack of equipment maintenance. The situation has escalated to such an extent that PDVSA's board of directors has stopped accepting letters of resignation. However, what is worse than the scale of the problem is the qualification of those workers that are leaving, no longer just common laborers but engineers with years of experience. This will further impact PDVSA, which is already struggling. With workers leaving, any increase in production is increasingly unlikely to happen.

According to the Agency for Natural Resources and Energy, Saudi Arabia and the UAE together owned 13.8 million barrels or 2.19 million kiloliters of crude at the end of December in Japan's semi-national stockpiles, unchanged from the previous month.

Gasoline stocks held in the Amsterdam-Rotterdam-Antwerp terminal in the week ending February 15<sup>th</sup> increased by 10.61% on the week and by 5.69% on the year to 1.282 million tons, while gasoil stocks fell by 0.97% on the week and by 0.94% on the year to 3.052 million tons.

Russia's Energy Minister, Alexander Novak, said the current price of oil is acceptable for Russia. He said prices had increased due to a global deal to cut production. He said oil prices may fluctuate between \$50 and \$70/barrel this year.

Nigeria's Oil Minister, Emmanuel Ibe Kachikwu, said he was not concerned by the recent oil price decline and added that OPEC members needed to focus on their production costs. A Ministry spokesman said Nigeria produces 2.07 million bpd, including 1.71 million bpd of crude and 362,000 bpd of condensates.

The UAE's Energy Minister, Suhail al-Mazroui, said oil producers led by Saudi Arabia and Russia aim to draft an agreement on long-term alliance by the year end. He also stated that OPEC was urging its members to build oil capacity buffers to temper any wild upswings in price due to the weak US dollar this year.

The compliance rate for the 10 non-OPEC producers participating in oil production cuts fell to 79% in January, the lowest level since July. This is compared with a revised 81% in December.

Libya's crude production increased to 1.1 million bpd, up from 1.05 million bpd a few days ago. Production from the country's largest oil field, Sharara, is stable at 290,000 bpd.

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

WTI - Mar \$61.08, down 26 cents

RBOB - Mar \$1.7325, down 33 points

HO - Mar \$1.8955, up 40 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$1.8916	\$0.0072	-\$0.0297
Apr-18	\$1.8886	\$0.0063	-\$0.0278
May-18	\$1.8831	\$0.0063	-\$0.0261
Jun-18	\$1.8775	\$0.0066	-\$0.0239
Jul-18	\$1.8759	\$0.0062	-\$0.0224
Aug-18	\$1.8743	\$0.0054	-\$0.0210
Sep-18	\$1.8743	\$0.0048	-\$0.0209
Oct-18	\$1.8744	\$0.0042	-\$0.0216
Nov-18	\$1.8742	\$0.0038	-\$0.0226
Dec-18	\$1.8734	\$0.0035	-\$0.0238
Jan-19	\$1.8733	\$0.0036	-\$0.0242
Feb-19	\$1.8704	\$0.0038	-\$0.0228
Mar-19	\$1.8637	\$0.0035	-\$0.0209
Apr-19	\$1.8485	\$0.0031	-\$0.0199
May-19	\$1.8401	\$0.0036	-\$0.0202
Jun-19	\$1.8362	\$0.0032	-\$0.0208
Jul-19	\$1.8360	\$0.0030	-\$0.0203
Aug-19	\$1.8377	\$0.0028	-\$0.0201

		Close	Change
Crude - WTI	Apr Brent- WTI Spread \$3.16	\$61.1700	\$0.6600
Crude - Brent		\$64.3300	-\$0.0300
Natural Gas		\$2.5800	-\$0.0070
Gasoline		\$1.7358	\$0.0228

### EIA Natural Gas Storage Report

	09-Feb-17	02-Feb-17	Change	Year Ago
East	432	488	-56	485
Midwest	468	543	-75	648
Mountain	122	131	-9	151
Pacific	213	213	0	205
South Central	649	703	-54	972
Salt	178	184	-6	333
Nonsalt	472	518	-46	639
Total	1,884	2,078	-194	2,461

## ICE April WTI-Brent Spread

## 8-14 Day Weather Forecast

