

Market Commentary

Recap: Oil prices were mixed on Tuesday, trading within a tight range ahead of the API inventory report. Brent was the stronger of the two blends, holding onto gains as Europe continues to cope with unseasonably cold weather. WTI traded on both sides of unchanged, ultimately holding onto minor gains, as traders await the release of the inventory report, which is expected to reflect an increase of 3 million barrels of oil. May Brent settled at \$65.79 a barrel, up 25 cents, or 0.38%, while April WTI added 3 cents, or 0.05%, settling at \$62.60 a barrel. After the release of the API report, WTI fell 30 cents below settlement.

April RBOB added 0.2% to \$1.938 a gallon, while April heating oil rose 0.7% to \$1.91 a gallon.

Fundamental News: The EIA stated in its Short Term Energy Outlook that world oil demand in 2018 is expected to increase by 1.7 million barrels on the year to 100.2 million barrels and increase further by 1.72 million barrels on the year to 101.92 million barrels in 2019. It reported that OPEC production is expected to increase by 30,000 bpd to 32.47 million bpd in 2018 and by 260,000 bpd to 32.73 million bpd in 2019. Non-OPEC supply is forecast to increase by 2.51 million bpd to 61.18 million bpd in 2018 and by 1.19 million bpd to 62.37 million bpd in 2019. OECD inventories in 2018 is forecast to increase by 6.6 million barrels on the year to 2.925 billion barrels and increase by 8.4 million barrels on the year to 3.009 billion barrels. The EIA also reported that US oil demand is estimated to increase by 470,000 bpd to 20.35 million bpd in 2018 and increase by 360,000 bpd to 20.71 million bpd in 2019. Gasoline demand is forecast to increase by 30,000 bpd to 9.35 million bpd in 2018 and by 40,000 bpd to 9.39 million bpd in 2019. Distillate demand is expected to increase by 90,000 bpd to 4.03 million bpd in 2018 and by 60,000 bpd to 4.09 million bpd in 2019. Meanwhile, US oil production is expected to increase by 1.38 million bpd to 10.7 million bpd in 2018 and increase by 570,000 bpd to 11.27 million bpd in 2019. The EIA forecast that Brent crude will average \$62/barrel in both 2018 and 2019 compared with an average of \$54/barrel in 2017. The EIA expects WTI to average \$4/barrel lower than Brent prices in both 2018 and 2019.

Distillate volumes heading to Northwest Europe and the Mediterranean from the US Gulf Coast for March arrival totaled 520,000 metric tons as of Monday, according to cFlow, S&P Global Platts trade flow software. Volumes for March look set to be higher than February's 550,000 metric tons.

Saudi Aramco CEO, Amin Nasser, said he remains confident oil market fundamentals are healthy, despite price volatility and forecasts of rising shale oil output. He said despite recent volatility in financial markets, the global economy recovery remains on track.

Russia's First Deputy Energy Minister, Alexei Texler, said Russia expected the oil market to rebalance in the second half of 2018. He also stated that Russia did not intend to join OPEC because it did not need to in order to coordinate its actions with the oil-producing countries.

Libya's El Sharara oilfield was operating normally on Tuesday and pumping 300,000 bpd after reopening following a 24-hour halt. The oilfield was shut down between Sunday and Monday after a local landowner closed a pipeline valve, resulting in nearly 500,000 barrels of lost production.

North Sea oil output in April is expected to fall by about 30,000 bpd to 1.7%. Loadings of 12 North Sea crude grades is expected to average 1.836 million bpd compared with 1.868 million bpd in March.

Early Market Call - as of 9:00 AM EDT

WTI - Apr \$62.36, down 24 cents
 RBOB - Apr \$1.9455, up 1.19 cents
 HO - Apr \$1.9069, up 33 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Apr-18	\$1.9033	\$0.0066	-\$0.0654
May-18	\$1.9097	\$0.0080	-\$0.0576
Jun-18	\$1.9111	\$0.0079	-\$0.0506
Jul-18	\$1.9119	\$0.0081	-\$0.0464
Aug-18	\$1.9125	\$0.0084	-\$0.0434
Sep-18	\$1.9146	\$0.0086	-\$0.0410
Oct-18	\$1.9162	\$0.0081	-\$0.0391
Nov-18	\$1.9169	\$0.0076	-\$0.0377
Dec-18	\$1.9171	\$0.0073	-\$0.0360
Jan-19	\$1.9179	\$0.0070	-\$0.0344
Feb-19	\$1.9156	\$0.0070	-\$0.0329
Mar-19	\$1.9085	\$0.0072	-\$0.0300
Apr-19	\$1.8926	\$0.0070	-\$0.0270
May-19	\$1.8827	\$0.0063	-\$0.0257
Jun-19	\$1.8761	\$0.0062	-\$0.0248
Jul-19	\$1.8742	\$0.0056	-\$0.0248
Aug-19	\$1.8754	\$0.0056	-\$0.0242
Aug-19	\$1.8800	\$0.0056	-\$0.0238

Other Front Month NYMEX		Close	Change
Crude - WTI	May Brent-	\$62.4500	\$0.0600
Crude - Brent	WTI Spread		
Natural Gas	\$3.34	\$2.7490	\$0.0450
Gasoline		\$1.9331	-\$0.0018

API Report for the Week Ending March 2, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 5.7 million barrels	Up 2.5 million barrels
Cushing, OK Crude Stocks	Down 800,000 barrels	
Gasoline Stocks	Down 4.5 million barrels	Down 500,000 barrels
Distillate Stocks	Up 1.5 million barrels	Down 1.6 million barrels
Refinery Runs		Unchanged at 87.8%

NYMEX April-May Heating Oil Spread



8-14 Day Weather Forecast

