

## Market Commentary

**Recap:** The oil market on Wednesday traded mostly sideways in overnight trading before it breached its previous losses and sold off to \$61.65 ahead of the release of the EIA's weekly inventory report. The market quickly pared its earlier losses following the release of the inventory report, which showed a build of 2.4 million barrels. The build was mostly in line with market expectations of a 2.5 million barrel build. However, the market, which failed to trade higher, sold off sharply to a low of \$60.58 in afternoon trading. The market traded lower as US oil production increased to a record high of 10.369 million bpd on the week. The market was also well pressured by the sell-off in the financial markets amid concerns that Washington's plans for import tariffs could cause a trade war. The oil market later retraced some of its losses ahead of the close. The April crude contract settled down \$1.45 at \$61.15. The May Brent contract settled down \$1.45 at \$64.34. Meanwhile, the product markets were also settled in negative territory, with the heating oil market settling down 2.87 cents at \$1.8746 and the RBOB market settling down 2.28 cents at \$1.9103.

**Fundamental News:** The US Census Bureau reported that US crude oil exports fell to 1.342 million bpd in January compared with 1.515 million bpd in December. Exports to Canada totaled 356,000 bpd, while exports to China totaled 313,000 bpd, exports to the Netherlands totaled 158,000 bpd and exports to Taiwan totaled 114,000 bpd.

According to Bloomberg, crude imports to the US Gulf Coast increased by 590,000 bpd to 2.67 million bpd in the week ending March 2<sup>nd</sup>.

Statistics Canada reported that Canada's total crude oil exports increased by 530,000 bpd to 3.81 million bpd in January. Canada's crude oil exports to the US increased by 460,000 bpd to 3.7 million bpd in January. Meanwhile, Canada's total crude imports increased by 18,000 bpd to 648,000 bpd in January while imports from the US fell by 39,000 bpd to 383,000 bpd.

According to an S&P Global Platts survey, a continued collapse in Venezuela's oil industry and field maintenance that cut the UAE's output to almost two-year lows drove OPEC's crude production to 32.39 million bpd in February. OPEC's production fell by 70,000 bpd on the month, even as Libyan and Nigerian output reached multi-year highs in their recovery from civil unrest. The February output level was 340,000 bpd below OPEC's ceiling of about 32.73 million bpd. It reported that Venezuela's production fell by 70,000 bpd in February to 1.57 million bpd.

China's National Energy Administration stated that China's crude oil output is seen at around 190 million tons in 2018. It reported that China is expected to limit total energy consumption at about 4.55 billion tons of standard coal equivalent.

IIR reported that US oil refiners are expected to shut in 1.232 million bpd of capacity in the week ending March 9<sup>th</sup>, increasing available refining capacity by 312,000 bpd from the previous week. IIR expects offline capacity to fall to 1.043 million bpd in the week ending March 16<sup>th</sup>.

**Early Market Call - as of 7:50 AM EDT**

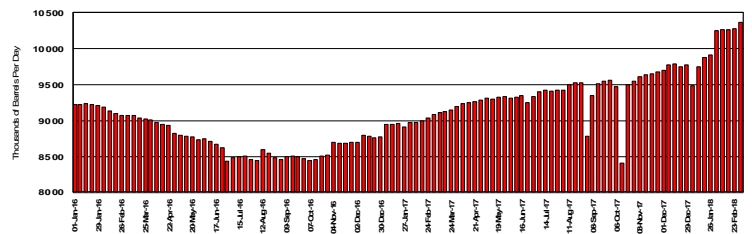
WTI - Apr \$61.11 down 4 cents  
 RBOB - Apr \$1.9028 down 75 points  
 HO - Apr \$1.8730 down 16 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-18	\$1.8746	-\$0.0287	-\$0.0289
Apr-18	\$1.8791	-\$0.0306	-\$0.0259
May-18	\$1.8814	-\$0.0297	-\$0.0219
Jun-18	\$1.8835	-\$0.0284	-\$0.0188
Jul-18	\$1.8851	-\$0.0274	-\$0.0166
Aug-18	\$1.8878	-\$0.0268	-\$0.0148
Sep-18	\$1.8897	-\$0.0265	-\$0.0137
Oct-18	\$1.8910	-\$0.0259	-\$0.0124
Nov-18	\$1.8911	-\$0.0260	-\$0.0114
Dec-18	\$1.8925	-\$0.0254	-\$0.0100
Jan-19	\$1.8911	-\$0.0245	-\$0.0083
Feb-19	\$1.8853	-\$0.0232	-\$0.0051
Mar-19	\$1.8703	-\$0.0223	-\$0.0016
Apr-19	\$1.8602	-\$0.0225	-\$0.0012
May-19	\$1.8534	-\$0.0227	-\$0.0005
Jun-19	\$1.8517	-\$0.0225	-\$0.0003
Jul-19	\$1.8531	-\$0.0223	\$0.0005
Aug-19	\$1.8579	-\$0.0221	\$0.0011

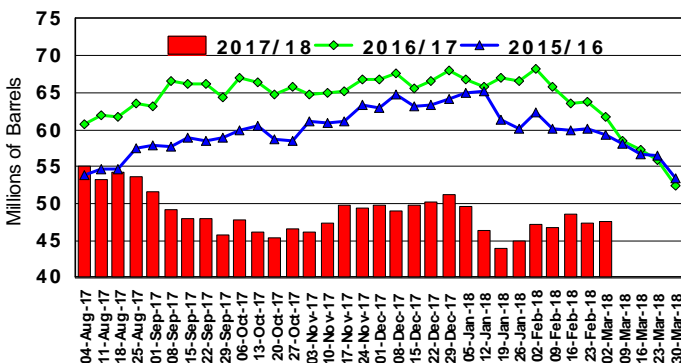
		Close	Change
Crude - WTI	May Brent-WTI Spread \$3.32	\$61.0200	-\$1.4300
Crude - Brent		\$64.3400	-\$1.4500
Natural Gas		\$2.7770	\$0.0280
Gasoline		\$1.9103	-\$0.0228

## U.S. Domestic Crude Production



## EIA Weekly Petroleum Status Report for the Week Ending March 2, 2018

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR) Up 2.408 million barrels**

Cushing, OK Crude Stocks Down 605,000 barrels

**Gasoline Stocks Down 788,000 barrels**

**Distillate Stocks Down 559,000 barrels**

**Refinery % Operated 88%, Up 0.2%**

#### PADD #1

	Week Ending Mar 02, 2018	Week Ending Feb 23, 2018	Week Ending Mar 03, 2017
Distillate Stocks (in million bbls)	7.8	8.1	11.3
Central Atlantic	27.6	27.1	36.6
Total PADD #1	47.5	47.3	61.7
Distillate Imports (thousands b/d)	256	183	262