

## Market Commentary

**Recap:** Oil prices finished higher on Wednesday, as traders await the release of the EIA report, which was delayed a day due to the U.S. Martin Luther King Jr. Day Holiday. Expectations are calling for the ninth straight week. Despite trading below its 10-day moving average, March Brent rebounded, while February WTI bounced off of its 10-day moving average, with both blends gaining ground throughout the session. February WTI settled at \$63.97 a barrel, up 24 cents, or 0.38%. March Brent tacked on 23 cents, or 0.33%, to settle at \$69.38 a barrel.

**Fundamental News:** Bloomberg estimated that crude oil stocks held in Cushing, Oklahoma fell by 2.5 million barrels to 44.1 million barrels in the week ending January 12<sup>th</sup>.

According to Bloomberg, preliminary US waterborne US crude imports increased by 158,000 bpd to 4.52 million bpd in the week ending January 11<sup>th</sup>.

Distillate volumes heading to Northwest Europe and the Mediterranean from the US Gulf Coast for January are currently 920,000 metric tons, according to S&P Global Platts' trade flow software, cFlow.

China National Petroleum Corp's Economics and Technology Research Institute reported that apparent oil demand is expected to increase by 4.6% on the year to reach 600 million metric tons or 12.05 million bpd in 2018, with net crude imports expected to increase by 7.7% to 451 million metric tons.

Kuwait's Oil Minister, Bakheet Al-Rashidid, said OPEC and non-OPEC compliance with cuts was at 125% in December, up from 122% in November and the highest since the oil cuts were implemented. OPEC production fell to 32.416 million bpd in December. He said there is no plan or intention so far to exit from the production cut agreement. He said a January 21<sup>st</sup> committee meeting of some OPEC and non-OPEC ministers in Oman would focus on reviewing adherence to the cuts.

Genscape reported that recent cold weather in the West Texas Permian region impacted production, storage levels and pipeline flows. Permian production fell by 462,000 bpd to 2.33 million bpd in the week ending January 5<sup>th</sup>, while stocks fell by nearly 500,000 barrels.

IIR reported that US oil refiners are expected to shut in 774,000 bpd of capacity in the week ending January 19<sup>th</sup>, reducing available refining capacity by 206,000 bpd from the previous week. IIR expects offline capacity to fall to 662,000 bpd in the week ending January 26<sup>th</sup>.

Looting by hungry mobs across Venezuela has left streets of shuttered shops in provincial towns and pushed some store owners to arm themselves with guns and machetes, prompting fear that the turmoil could spread to the capital Caracas. In the first 11 days of January, some 107 lootings or attempted lootings have taken place. Venezuela is suffering a fifth consecutive year of recession and the world's highest inflation rate, which the opposition-run Congress says topped 2,600% last year. Government critics say President Nicolas Maduro's refusal to reform the country's economy is to blame for the fight for survival in the country, which is home to the world's largest crude oil reserves.

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

WTI - Feb \$63.87, down 10 cents

ROBO - Feb \$1.8585, up 4 points

HO - Feb \$2.0523, down 1.68 cents

## All NYMEX | Prior Settlements

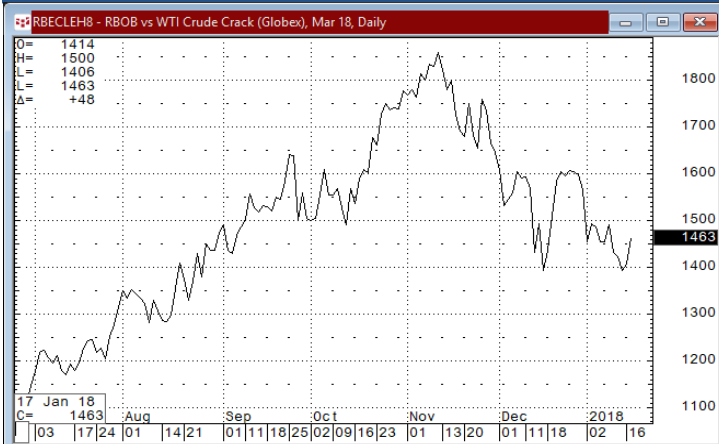
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$2.0691	\$0.0057	-\$0.0116
Mar-18	\$2.0631	\$0.0045	-\$0.0067
Apr-18	\$2.0480	\$0.0043	-\$0.0025
May-18	\$2.0349	\$0.0042	\$0.0014
Jun-18	\$2.0256	\$0.0044	\$0.0050
Jul-18	\$2.0222	\$0.0044	\$0.0075
Aug-18	\$2.0189	\$0.0044	\$0.0088
Sep-18	\$2.0170	\$0.0042	\$0.0091
Oct-18	\$2.0149	\$0.0039	\$0.0088
Nov-18	\$2.0142	\$0.0036	\$0.0086
Dec-18	\$2.0129	\$0.0040	\$0.0085
Jan-19	\$2.0116	\$0.0039	\$0.0082
Feb-19	\$2.0046	\$0.0040	\$0.0085
Mar-19	\$1.9903	\$0.0043	\$0.0086
Apr-19	\$1.9702	\$0.0049	\$0.0087
May-19	\$1.9585	\$0.0055	\$0.0085
Jun-19	\$1.9515	\$0.0061	\$0.0086
Jul-19	\$1.9476	\$0.0061	\$0.0072

Other Front Month NYMEX		Close	Change
Crude - WTI	Mar Brent-	\$63.9200	\$0.2500
Crude - Brent	WTI Spread	\$69.3800	\$0.2300
Natural Gas	\$5.46	\$3.2320	\$0.1030
Gasoline		\$1.8584	\$0.0200

## API Report for the Week Ending January 12, 2018

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Down 5.1 million barrels	Down 425,000 barrels
Cushing, OK Crude Stocks	Down 3.9 million barrels	Down 2.5 million barrels
Gasoline Stocks	Up 1.8 million barrels	Up 2.7 million barrels
Distillate Stocks	Up 609,000 barrels	Down 850,000 barrels
Refinery Runs	Down 420,000 bpd	Down 0.5% at 94.8%

## March ROBO Crack Spread



## 8-14 Day Weather Forecast

