

Market Commentary

All NYMEX | Prior Settlements

Recap: Near record U.S. crude oil production offset the ninth straight week of declines in U.S. crude oil stocks, leaving oil prices close to unchanged. February WTI was trading at \$63.47 a barrel prior to the release of the report, but jumped upon its release, which showed a decrease of 6.9 million barrels in U.S. crude oil inventories. However, the report also showed a rise of 258,000 barrels per day in production, which counteracted the impact of the stock drawdown. Spot WTI settled at \$63.95 a barrel, down 2 cents, or 0.03%. Brent for March delivery slipped 7 cents, or 0.10%, to settle at \$69.31 a barrel.

February RBOB settled at \$1.884 a gallon, up 1.4%, while February heating oil fell 0.4%, to settle at \$2.062 a gallon.

Fundamental News: OPEC raised its forecast for oil supply from non-OPEC producers in 2018 as higher prices encourage US shale drillers to increase their production, offsetting an OPEC-led agreement. In a monthly report, OPEC said non-OPEC producers would increase production by 1.15 million bpd this year, up from a previously expected 990,000 bpd. OPEC cut its estimate of global demand for its crude in 2018 by 60,000 bpd to 33.09 million bpd. OPEC reported that its total output increased by 42,000 bpd to 32.42 million bpd, led by a gain in Nigeria which along with Libya was exempt from the supply cut because unrest had cut their production. However, adherence by the 11 OPEC members with output targets increased to 129%, up from 121% in November. Saudi Arabia produced 9.98 million bpd, up 89,000 bpd on the month but still below its OPEC target. Venezuela's oil production fell by about 216,000 bpd to 1.621 million bpd in December.

Energy Aspects stated that it would be prudent to expect OPEC members to start increasing their production over their quotas given higher oil prices.

TransCanada Corp announced it has successfully concluded the Keystone XL open season, securing about 500,000 bpd for firm, 20 year commitments, positioning the proposed project to proceed. Today's announcement builds on the November 20th decision by the Nebraska Public Service Commission to approve the Keystone XL route through the state.

Iraq signed a memorandum of understanding with BP on Thursday to increase production capacity at its northern Kirkuk oilfields. The agreement provides for BP to increase Kirkuk's output capacity to 750,000 bpd, more than twice existing capacity.

China's National Bureau of Statistics reported that the country's domestic crude oil production in December fell by 4.4% on the year to 15.98 million tons. Output for the full year was 191.51 million tons, down 4% on the year. It also reported that the country's oil throughput in December increased by 3.3% on the year to 49.11 million tons, while its crude oil throughput in 2017 increased by 5% on the year to 567.77 million tons.

Gasoline stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp hub in the week ending January 18th fell by 2.75% on the week and by 8.53% on the year to 1.062 million tons. Gasoil stocks increased by 4.6% on the week but fell by 13.96% on the year to 2.774 million tons while fuel oil stocks fell by 21.16% on the week but increased by 15.58% on the year to 816,000 tons.

An ARB Midstream executive said that about 450,000 bpd of crude would have to be shipped on railroads to clear the Canadian oil market oversupply before coming pipelines can help in late 2019. Between 80,000 bpd and 100,000 bpd of Canadian heavy crude is heading via rail to the US Gulf Coast, while deliveries to the US Midwest have increased to about 40,000 bpd since December.

Early Market Call - as of 9:00 AM EDT

WTI - Feb \$63.06, down 89 cents

RBOB - Feb \$1.8590, down 2.46 cents

HO - Feb \$2.0448, down 1.7 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$2.0617	-\$0.0074	-\$0.0150
Mar-18	\$2.0586	-\$0.0045	-\$0.0089
Apr-18	\$2.0454	-\$0.0026	-\$0.0025
May-18	\$2.0339	-\$0.0010	\$0.0025
Jun-18	\$2.0251	-\$0.0005	\$0.0058
Jul-18	\$2.0223	\$0.0001	\$0.0077
Aug-18	\$2.0196	\$0.0007	\$0.0086
Sep-18	\$2.0179	\$0.0009	\$0.0086
Oct-18	\$2.0159	\$0.0010	\$0.0084
Nov-18	\$2.0152	\$0.0010	\$0.0083
Dec-18	\$2.0141	\$0.0012	\$0.0084
Jan-19	\$2.0129	\$0.0013	\$0.0081
Feb-19	\$2.0064	\$0.0018	\$0.0092
Mar-19	\$1.9925	\$0.0022	\$0.0103
Apr-19	\$1.9725	\$0.0023	\$0.0118
May-19	\$1.9605	\$0.0020	\$0.0128
Jun-19	\$1.9531	\$0.0016	\$0.0139
Jul-19	\$1.9492	\$0.0016	\$0.0139

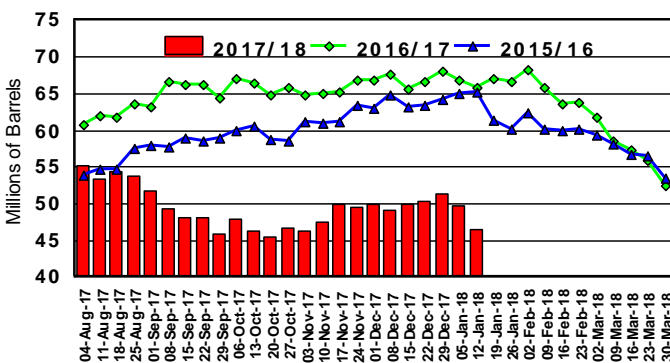
		Close	Change
Crude - WTI	Mar Brent-WTI Spread \$5.42	\$63.8900	-\$0.0300
Crude - Brent		\$69.3100	-\$0.0700
Natural Gas		\$3.1890	-\$0.0430
Gasoline		\$1.8835	\$0.0251

EIA Natural Gas Storage Report

	12-Jan-17	05-Jan-17	Change	Year Ago
East	614	664	-50	647
Midwest	717	778	-61	805
Mountain	158	167	-9	185
Pacific	244	251	-7	250
South Central	851	907	-56	1,064
Salt	206	224	-18	316
Nonsalt	646	683	-37	748
Total	2,584	2,767	-183	2,952

EIA Weekly Petroleum Status Report for the Week Ending January 12, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 6.861 million barrels
Cushing, OK Crude Stocks Down 4.184 million barrels
Gasoline Stocks Up 3.62 million barrels
Distillate Stocks Down 3.887 million barrels
Refinery % Operated 93%, Down 2.3%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Jan 12, 2018	Week Ending Jan 05, 2018	Week Ending Jan 13, 2017
New England	6.7	7.5	11.9
Central Atlantic	26.5	29.2	40.0
Total PADD #1	46.3	49.7	65.7
Distillate Imports (thousands b/d)	101	153	151