

MarketWatch | Refined Products

Friday, January 19, 2018

Market Commentary

All NYMEX | Prior Settlements

ULSD (HO)

Prior Settle

Change In

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.

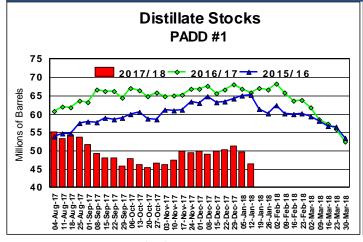
Gasoline stocks held in independent storage in the Amsterdam-Rotterdam-Antwerp hub in the week ending January 18th fell by 2.75% on the week and by 8.53% on the year to 1.062 million tons. Gasoil stocks increased by 4.6% on the week but fell by 13.96% on the year to 2.774 million tons while fuel oil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

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Month		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				-\$0.0300	
Crude - Brent		φ00.0100		-\$0.0700	
	\$5.42			-\$0.0430	
Gasoline				\$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				250	
				1,064	
				316 748	
Total	2,584	2,767	-183	2,952	
	Feb-18 Mar-18 Apr-18 Jun-18 Jun-18 Jul-18 Aug-18 Sep-18 Oct-18 Nov-18 Dec-18 Jan-19 Feb-19 Mar-19 Apr-19 May-19 Jun-19 Jun-19 Jun-19 Jun-19 Jun-19 Sul-19 East Natural Gas Gasoline East Midw est Mountain Pacific South Central Salt Nonsalt	Feb-18 Mar-18 Apr-18 May-18 Jul-18 Aug-18 Sep-18 Oct-18 Nov-18 Dec-18 Jan-19 Feb-19 Mar-19 Jul-19 Jul-19 Jun-19 Jul-19 Crude - WTI Crude - Brent Natural Gas Gasoline EIA Natural 12-Jan-17 East 614 Midwest 717 Mountain 158 Pacific 244 South Central 851 Salt 206 Nonsalt 646	Feb-18 \$2.0617 Mar-18 \$2.0586 Apr-18 \$2.0454 May-18 \$2.0339 Jun-18 \$2.0251 Jul-18 \$2.0223 Aug-18 \$2.0196 Sep-18 \$2.0179 Oct-18 \$2.0159 Nov-18 \$2.0152 Dec-18 \$2.0129 Feb-19 \$2.0129 Feb-19 \$2.0064 Mar-19 \$1.925 Apr-19 \$1.925 Apr-19 \$1.9605 Jun-19 \$1.9605 Jun-19 \$1.9605 Jun-19 \$1.9492 Close Crude - WTI \$63.8900 Crude - WTI \$1.9492 Close \$2.012 Crude - WTI \$1.9605 Saoline \$5.42 \$3.1890 \$69.3100 \$3.1890 \$1.8835 EIA Natural Gas \$1.8835 EIA Natural Gas Storage \$2.44 12-Jan-17 05-Jan-17 East 614 664 <t< th=""><th>Feb-18 \$2.0617 -\$0.0074 Mar-18 \$2.0586 -\$0.0045 Apr-18 \$2.0339 -\$0.0010 Jun-18 \$2.0251 -\$0.0005 Jul-18 \$2.0223 \$0.0011 Aug-18 \$2.0223 \$0.0007 Sep-18 \$2.0179 \$0.0009 Oct-18 \$2.0159 \$0.0010 Nov-18 \$2.0152 \$0.0010 Dec-18 \$2.0129 \$0.0013 Feb-19 \$2.0064 \$0.0022 Apr-19 \$1.925 \$0.0020 Jun-19 \$1.925 \$0.0022 Apr-19 \$1.9605 \$0.0020 Jun-19 \$1.9531 \$0.0016 Crude - WTI Mar Brent-WTI Spread \$63.8900 St.42 \$3.1890 \$3.1890 Gasoline \$1.9492 \$0.0016 ElA Natural Gas Storage Report Midw est 717 778 -61 Mountain 158 167 -9 Pacific 244 251 -7 South Central 851 907<!--</th--></th></t<>	Feb-18 \$2.0617 -\$0.0074 Mar-18 \$2.0586 -\$0.0045 Apr-18 \$2.0339 -\$0.0010 Jun-18 \$2.0251 -\$0.0005 Jul-18 \$2.0223 \$0.0011 Aug-18 \$2.0223 \$0.0007 Sep-18 \$2.0179 \$0.0009 Oct-18 \$2.0159 \$0.0010 Nov-18 \$2.0152 \$0.0010 Dec-18 \$2.0129 \$0.0013 Feb-19 \$2.0064 \$0.0022 Apr-19 \$1.925 \$0.0020 Jun-19 \$1.925 \$0.0022 Apr-19 \$1.9605 \$0.0020 Jun-19 \$1.9531 \$0.0016 Crude - WTI Mar Brent-WTI Spread \$63.8900 St.42 \$3.1890 \$3.1890 Gasoline \$1.9492 \$0.0016 ElA Natural Gas Storage Report Midw est 717 778 -61 Mountain 158 167 -9 Pacific 244 251 -7 South Central 851 907 </th	

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



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 Week Ending Week Ending (in million bbls) Jan 12, 2018 Jan 05, 2018

Week Ending

(in million bbls)	Jan 12, 2018	Jan 05, 2018	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

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