

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices extended their gains after the EIA report indicated U.S. crude oil inventories fell for the 10th straight week, the longest streak of losses recorded. According to the report, stockpiles fell 1.1 million barrels, which was smaller than the expected 2 million barrels. WTI topped \$65 a barrel for the first time since December of 2014, while Brent posted its highest high since December 2014. The front month spread in WTI moved out to 29 cents premium to March over April, the widest the spot spread traded since October 2014. Adding fuel to the run-up was a weaker dollar. Volume was heavy, indicating fresh buying. March WTI settled at \$65.61 a barrel, up \$1.14, or 1.77%, while March Brent tacked on 57 cents, or 0.81%, to settle at \$70.53.

February RBOB rose 0.4% to \$1.916 a gallon. Heating oil futures rose to its highest level since February of 2015 with the February contract adding 1% to \$2.106 a gallon.

Fundamental News: Saudi Arabia plans to keep its crude oil exports at about 7 million bpd for the first quarter despite planned refinery shutdowns. In January, Saudi Aramco plans to maintain its crude shipments at 6.9 million bpd. Saudi Arabia aims to hold its production at around 9.8 million bpd level from January until March. Saudi Arabia's 400,000 bpd SATORP refinery in Jubail will be undergoing planned maintenance from mid-January to mid-February, while its Samref 400,000 bpd refinery in Yanbu plans a total shutdown for scheduled maintenance from March 10th to April 30th.

Saudi Arabia's Energy Minister, Khalid al-Falih, and Russia's Energy Minister, Alexander Novak, were speaking at a joint panel at the World Economic Forum in Davos said strong global oil demand will help offset a steep increase in US oil production and prevent oil prices from collapsing again. Saudi Arabia's Energy Minister said the US oil boom is not a threat as Mexican and Venezuelan crude output is declining. He does not see signs of a significant oil demand slowdown. Russia's Energy Minister said the OPEC and non-OPEC deal will expire one day and producers will have to go back to direct competition. Earlier, Russia's Energy Minister, Alexander Novak, said the OPEC and non-OPEC countries involved in a global deal to reduce oil output expect the market to return to balance in the third or fourth quarter of the year. He also stated that an average Brent price of around \$60/barrel was a reasonable forecast for this year.

According to the EIA, US East Coast crude inventories fell to 11.3 million barrels in the week ending January 19th, the lowest level since October 2014. US Midwest crude inventories fell to 122.5 million barrels last week, the lowest level since February 2015. It also reported that US East Coast distillate inventories fell to 36.3 million barrels last week, the lowest weekly level since June 2015.

Genscape reported that crude inventories in the Amsterdam-Rotterdam-Antwerp region fell by 1.2 million barrels to 50.9 million barrels in the week ending January 19th.

The Baku-Tbilisi-Ceyhan pipeline exported 33.76 million tons or 689,000 bpd of Azeri oil last year, down from 33.93 million tons in 2016.

Azerbaijan's SOCAR said the country's total oil exports fell to 33 million tons in 2017 from 33.9 million tons a year earlier.

IIR reported that US oil refiners are expected to shut in 860,000 bpd of capacity in the week ending January 26th, increasing available capacity by 147,000 bpd from the previous week. IIR expects offline capacity to fall to 699,000 bpd in the week ending February 2nd.

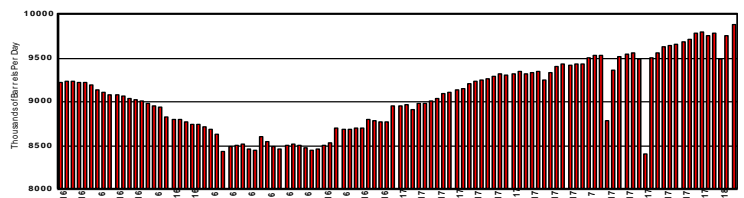
Early Market Call - as of 9:00 AM EDT

WTI - Mar \$66.26, up 65 cents
 RBOB - Feb \$1.9178, up 9 points
 HO - Feb \$2.1157, up 93 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Feb-18	\$2.1061	\$0.0200	\$0.0370
Mar-18	\$2.1023	\$0.0200	\$0.0392
Apr-18	\$2.0848	\$0.0177	\$0.0368
May-18	\$2.0682	\$0.0148	\$0.0333
Jun-18	\$2.0568	\$0.0139	\$0.0312
Jul-18	\$2.0517	\$0.0128	\$0.0295
Aug-18	\$2.0466	\$0.0118	\$0.0277
Sep-18	\$2.0434	\$0.0109	\$0.0264
Oct-18	\$2.0408	\$0.0107	\$0.0259
Nov-18	\$2.0398	\$0.0106	\$0.0256
Dec-18	\$2.0387	\$0.0112	\$0.0258
Jan-19	\$2.0371	\$0.0111	\$0.0255
Feb-19	\$2.0310	\$0.0110	\$0.0264
Mar-19	\$2.0169	\$0.0104	\$0.0266
Apr-19	\$1.9964	\$0.0097	\$0.0262
May-19	\$1.9830	\$0.0083	\$0.0245
Jun-19	\$1.9752	\$0.0080	\$0.0237
Jul-19	\$1.9716	\$0.0079	\$0.0240

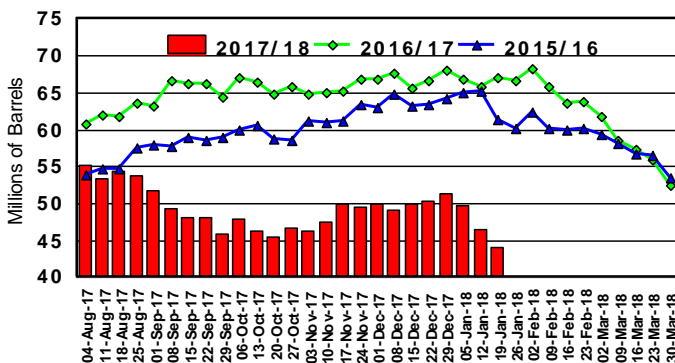
		Close	Change
Crude - WTI	Mar Brent- WTI Spread \$4.92	\$65.6100	\$1.1400
Crude - Brent		\$70.5300	\$0.5700
Natural Gas		\$3.5090	\$0.0650
Gasoline		\$1.9164	\$0.0077

U.S. Domestic Crude Production



EIA Weekly Petroleum Status Report for the Week Ending January 19, 2018

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 1.071 million barrels
 Cushing, OK Crude Stocks Down 3.15 million barrels
Gasoline Stocks Up 3.098 million barrels
Distillate Stocks Up 639,000 barrels
Refinery % Operated 90.9%, Down 2.1%

PADD #1

	Week Ending Jan 19, 2018	Week Ending Jan 12, 2018	Week Ending Jan 20, 2017
Distillate Stocks (in million bbls)			
New England	6.4	6.7	12.5
Central Atlantic	25.5	26.5	40.1
Total PADD #1	44.0	46.3	67.1
Distillate Imports (thousands b/d)	231	101	122