

Market Commentary

Recap: As has been the news for the past several days, oil prices gained as OPEC production cuts slowly continue to eat away at the global oversupply. And as they rose, prices slipped to below unchanged, as U.S. shale output continues to undermine OPEC cuts and a rise in the dollar kept gains at bay. March WTI topped the session at \$53.72 before paring gains to settle at \$53.20, up 27 cents, or 0.51%. April Brent settled at \$55.97, up 38 cents, up 0.68%.

March RBOB finished up 1.2 cents, or 0.8%, to \$1.556 a gallon, while March heating oil gained 1.8 cents, or 1.1%, to \$1.645 a gallon.

Fundamental News: Genscape reported that crude oil stocks held in Cushing, Oklahoma fell by 50,000 barrels to 65.22 million barrels in the week ending February 10th. Genscape stated that the Enterprise-operated 400,000 bpd Seaway legacy pipeline has experienced two leaks in the last four months, leading to increasing stocks in Cushing, Oklahoma.

IHS reported that crude and refined product shipments from the US Gulf fell to 3.66 million metric tons on 92 ships in the week ending February 9th. It is down 12% from the previous week's 4.18 million metric tons on 99 ships.

According to Bloomberg, preliminary US waterborne crude imports increased by 148,100 bpd to 4.3 million bpd in the week ending February 9th. Imports in the East Coast fell to 257,100 bpd to 581,100 bpd while imports in the Gulf Coast and West Coast increased by 392,900 bpd and 12,200 bpd, respectively. Total crude and product imports fell by 240,400 bpd to 5.7 million bpd.

Iraq's oil exports are expected to fall to a seven month low in March as ongoing maintenance at some of its biggest fields coincides with a seasonal decline in shipments. Iraq is expected to export 3.01 million bpd of crude from its Persian Gulf terminals, down from 3.64 million bpd in February.

Libya's National Oil Corp loaded its first crude oil at a new floating storage and offloading vessel in the Mediterranean on Saturday. The new floating and offloading vessel, Gaza, will be operated by Mellitah Oil and Gas, a joint venture of NOC and Italy's Eni. Gaza will provide 1.5 million barrels of storage for the offshore field. Libya's output in January reached 715,000 bpd. The company plans to lift its moratorium on international investments and is targeting oil production of 1.25 million bpd by the end of the year.

China's General Administration of Customs reported that the country imported 34.03 million tons of crude in January, down 6.5% from 36.38 million metric tons in December despite increasing 27.5% on the year. China's oil product exports in January fell by 43.2% from December to 3.04 million tons.

BP's CEO, Bob Dudley, said that US shale oil production will keep a check on any rallies in oil prices. He sees \$55-\$60/barrel as a healthy price for crude oil.

IHS Markit said oil will be in a range from \$50 to \$60/barrel in 2017.

ABN Amro cut its first and second quarter Brent price forecast by \$5 to \$50/barrel. Its WTI forecast for the first quarter was lowered to \$45/barrel.

Federal Reserve Chairwoman, Janet Yellen, signaled the central bank could consider raising short-term interest rates at its next policy meeting in March and sounded an optimistic note on the economy in testimony to Congress on Tuesday. She said if job gains and rising inflation continue as the Fed expects, an increase in the federal funds rate likely would be appropriate at its upcoming meetings.

Early Market Call - as of 9:00 AM EDT

WTI - Mar \$53.00, down 20 cents

RBOB - Mar \$1.5534, up 69 points

HO - Mar \$1.6309, down 72 points

All NYMEX | Prior Settlements

Month	USLD (HO)	Prior Settle	Change In
	Close	Change	One Week
Mar-17	\$1.6382	\$0.0109	\$0.0161
Apr-17	\$1.6496	\$0.0113	\$0.0188
May-17	\$1.6600	\$0.0108	\$0.0206
Jun-17	\$1.6702	\$0.0102	\$0.0217
Jul-17	\$1.6817	\$0.0102	\$0.0232
Aug-17	\$1.6924	\$0.0104	\$0.0249
Sep-17	\$1.7033	\$0.0104	\$0.0261
Oct-17	\$1.7138	\$0.0100	\$0.0266
Nov-17	\$1.7232	\$0.0093	\$0.0259
Dec-17	\$1.7303	\$0.0087	\$0.0245
Jan-18	\$1.7374	\$0.0081	\$0.0231
Feb-18	\$1.7395	\$0.0075	\$0.0224
Mar-18	\$1.7343	\$0.0073	\$0.0222
Apr-18	\$1.7205	\$0.0073	\$0.0218
May-18	\$1.7132	\$0.0070	\$0.0207
Jun-18	\$1.7097	\$0.0068	\$0.0194

Sprague HeatCurve Oct 2017-April 2018* \$1.7313

* Degree Day weighted NYMEX strip (no differentials)

Other Front Month NYMEX		Close	Change
Crude - WTI	Apr Brent-WTI Spread \$2.26	\$53.7100	\$0.2800
Crude - Brent		\$55.9700	\$0.3800
Natural Gas		\$2.9050	-\$0.0390
Gasoline		\$1.5467	\$0.0021

API Report for the Week Ending February 3, 2017

	Actual	Mkt Expectations
Crude Oil Stocks(excluding SPR)	Up 9.9 million barrels	Up 3.0/3.25 million barrels
Cushing, OK Crude Stocks	Down 1.3 million barrels	Down 50,000/ 150,000 barrels
Gasoline Stocks	Up 717,000 barrels	Down 500,000/1.2 million barrels
Distillate Stocks	Up 1.5 million barrels	Down 1.0 /1.25 million barrels
Refinery % Operated		Unchanged/ down 0.3%

Sprague HeatCurve Winter 2017/18

8-14 Day Weather Forecast

