



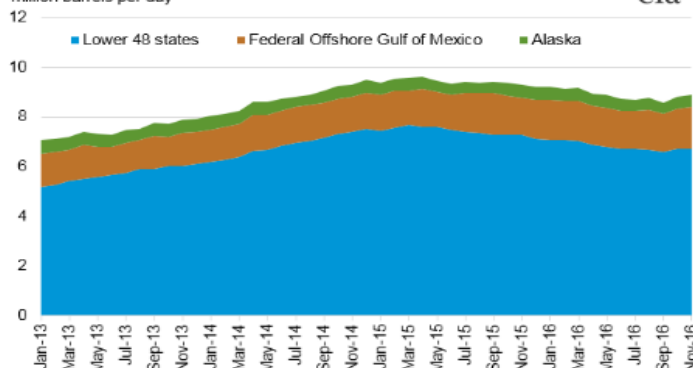
Tuesday, February 21, 2017

Today's Market News

- **OPEC Production Cuts:** Producers who are participating in the production cut are aiming to increase compliance to above 90% to help clear any signs of a supply glut. January saw higher supplies which weighed on the prices of crude oil. OPEC is curbing its output by approximately 1.2 million bbls per day.
- **Russia:** The head of the Libyan National Oil Corporation signed an agreement with Rosneft, Moscow's oil giant, which will pave the path for further investment by Rosneft in Libya's oil sector. Russia also recently surpassed Saudi Arabia as the world's top crude oil producer.
- **China's Possible Downsizing:** China's Sinochem is exploring the idea of selling its 40% stake in Brazil's Peregrino offshore oilfield. Low prices are said to be the reasoning of the potential sale.
- **Key reports this week:** **Tue:** PMI Manufacturing index **Wed:** API Inventory Report, Existing Home Sales **Thu:** DOE Inventory Report, Jobless Claims **Fri:** New Home Sales, Baker Hughes Rig Count
- **Market Opinion:** A bullish tone is being set this morning as OPEC headlines indicated the producers are pushing for higher production cut percentages to help stabilize crude prices. This week's API/DOE report could reverse any gains seen as U.S production is seeing gains and more rig counts are coming online.

Energy Highlights - Please call your account manager for larger chart.

Figure 1. U.S. crude oil production
million barrels per day



Source: U.S. Energy Information Administration, Short-Term Energy Outlook

U. S. Crude Oil Production:

The adjacent chart paints a good picture of U.S oil production over the past 3 years. Since January of 2016, the crude oil industry has been gaining strength thanks in part to OPEC and non-OPEC producers who have agreed to production cuts. As a direct result of the strengthening market conditions, U.S rigs and production is starting to rebound after being down/flat over the past 12 months. The increase in U.S production as well as rig counts, is also acting as resistance in WTI's attempt to continue to gain strength and move up and outside its trading range of \$50-55 / bbls.

Contract		NYMEX as of 7:30AM		Support	Resistance
MAR RBOB	↓	0.0007 @	1.5159	1.4861	1.5691
MAR HO	↑	0.0299 @	1.6663	1.6124	1.6972
MAR Crude	↑	0.94 @	54.34	52.50	55.64

