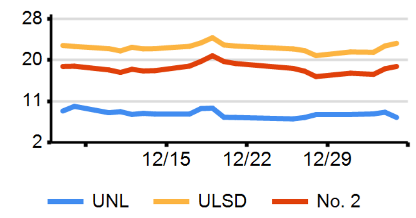
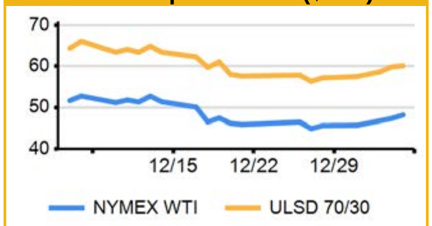
OPIS International Feedstocks Intelligence Report
A Daily Report on U.S. Refinery Feedstocks Prices plus News and Commentary
OPIS By IHS Markit
January 4, 2019

30-Day Snapshot

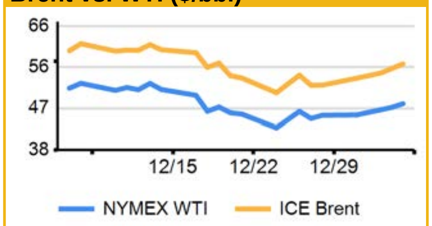
USGC Crack Spreads ($/bbl)



USGC 70/30 Split vs. WTI ($/bbl)



Brent vs. WTI ($/bbl)



ICE Brent Settle		
Month	**Price**	**Change**
MAR '19	57.06	1.11

MARKET OVERVIEW:

1/4/2019 - The runway was cleared for a big rally in oil markets this morning, and with a strong December jobs report and equities market that was also off to the races clearing the path.

Crude oil and refined products topped out at roughly two-week highs this morning, but a bearish EIA report that showed large product builds and mostly flat crude oil inventories helped push prices back from the morning highs.

RBOB took the biggest hit after being up about a nickel at one point today as February ended the day down 17 points at $1.3478/gal. Gasoline inventories grew, with Gulf Coast inventories reaching record levels. Meanwhile, the gasoline demand reading from the EIA was one of the weakest of the year and down 8.4% week on week.

While RBOB futures gave back gains, WTI and Brent were able to stick to positive territory, though the morning gains were cut by more than half as both contracts were up by more than $2 today. Inventories were flat when a draw was expected, which pressured oil to give back most if not all the gains.

The equities markets more or less saved the day for crude oil bulls as gains of 3% in U.S. equities kept crude oil from pulling back any further.

A bit of a fade, though, was seen with February WTI closing the day at $47.96/bbl and March Brent up just over $1 at $57.06/bbl. Since settlement, both contracts have added about 30cts.

While distillate had the biggest build and the biggest drop in demand, ULSD futures had solid gains and were able to keep up with crude oil. ULSD futures picked up 2.72cts to close at $1.7692/gal.

Since settlement, both RBOB and ULSD are up by about a penny.

FEEDSTOCKS:

USGC 70/30 cracks versus WTI weakened today by approximately $0.60-$0.65/bbl. A weaker gasoline crack was totally responsible for the decline.

The USGC waterborne unleaded crack (13.5-lb. RVP, or M4 unleaded) versus February

(Continued on Page 2)

New York Mercantile Exchange at Settlement and Crack Spreads ($/gal)

WTI Crude Oil ($/bbl)		
Month	**Price**	**Change**
FEB '19	47.96	0.87
MAR '19	48.28	0.88
APR '19	48.65	0.88

RBOB Unleaded (cts/gal)		
Month	**Price**	**Change**
FEB '19	134.78	-0.17
MAR '19	136.18	0.31
APR '19	155.29	1.16

ULSD (cts/gal)		
Month	**Price**	**Change**
FEB '19	176.92	2.72
MAR '19	176.10	2.84
APR '19	174.76	2.84

Key USGC Crack Spreads to WTI Crude		
	Cash (cts/gal)	**Crack ($/bbl)**
UNL	131.905	7.44
No. 2	157.670	18.26
HS 70/30	139.6345	10.69

** ULSD 70/30 data is on page 2*

OPIS U.S. Gulf Coast VGO Values (cts/gal)*

	Cargo Prompt			Cargo Forward			Barge Prompt			Barge Forward		
Product	**Low**	**High**	**Avg**	**Low**	**High**	**Avg**	**Low**	**High**	**Avg**	**Low**	**High**	**Avg**
VGO (Low Sulfur)	151.70	152.90	152.300	152.45	153.65	153.050	152.30	153.50	152.900	153.05	154.25	153.650
Low Sulfur Diff to Split (ULSD)	8.55	9.75	9.150	8.40	9.60	9.000	9.15	10.35	9.750	9.00	10.20	9.600
Low Sulfur Diff to Split (HS)	12.05	13.25	12.650	12.30	13.50	12.900	12.65	13.85	13.250	12.90	14.10	13.500
Low Sulfur Diff to WTI	15.75	16.25	16.000	15.75	16.25	16.000	16.00	16.50	16.250	16.00	16.50	16.250
VGO (Med Sulfur)	151.10	152.30	151.700	151.85	153.05	152.450	152.30	153.50	152.900	153.05	154.25	153.650
Med Sulfur Diff to Split (ULSD)	7.95	9.15	8.550	7.85	9.00	8.425	9.15	10.35	9.750	9.00	10.20	9.600
Med Sulfur Diff to Split (HS)	11.45	12.65	12.050	11.70	12.90	12.300	12.65	13.85	13.250	12.90	14.10	13.500
Med Sulfur Diff to WTI	15.50	16.00	15.750	15.50	16.00	15.750	16.00	16.50	16.250	16.00	16.50	16.250
VGO (High Sulfur)	150.50	151.70	151.100	151.25	152.45	151.850	152.30	153.50	152.900	153.05	154.25	153.650
High Sulfur Diff to Split (ULSD)	7.35	8.55	7.950	7.25	8.40	7.825	9.15	10.35	9.750	9.00	10.20	9.600
High Sulfur Diff to Split (HS)	10.85	12.05	11.450	11.10	12.30	11.700	12.65	13.85	13.250	12.90	14.10	13.500
High Sulfur Diff to WTI	15.25	15.75	15.500	15.25	15.75	15.500	16.00	16.50	16.250	16.00	16.50	16.250

** Differentials to WTI are in $/bbl*

OPIS Current Year D6 Ethanol RIN Credits ($/RIN)

Date	**Low**	**High**	**Avg**	**MTD**
1/4/2019	0.2000	0.2100	0.2050	0.2175

OPIS Other Gulf Coast Feedstock and NGL Assessments (cts/gal)

Product	Low	High	Avg
Naphtha (Domestic Full-Range)	115.40	116.40	115.900
Diff to W-Borne Unl	-16.50	-15.50	-16.000
Naphtha (Domestic 40N+A)	118.40	119.40	118.900
Diff to W-Borne Unl	-13.50	-12.50	-13.000
Naphtha (Offshore 40N+A)	117.90	118.90	118.400
Diff to W-Borne Unl	-14.00	-13.00	-13.500
Paraffinic Naphtha ($/mt)	429.35	431.35	430.350
Mt. Belvieu N. Gasoline ($/mt)	390.05	399.00	394.525

Product	Low	High	Avg
LT. Cycle Oil	161.40	161.90	161.650
LT. Cycle Diff to No. 2	3.75	4.25	4.000
LS LT. Cycle Oil	163.65	164.15	163.900
LS LT. Cycle Diff to No. 2	6.00	6.50	6.250

Product	Low	High	Avg
Alkylate (cts/gal)	153.53	153.78	153.655
St. Run Resid (Lo Sul) ($/bbl)	58.70	59.20	58.950
Low Sul. Diff to WTI ($/bbl)	10.75	11.25	11.000
St. Run Resid (Hi Sul) ($/bbl)	46.45	47.45	46.950
High Sul. Diff to WTI ($/bbl)	-1.50	-0.50	-1.000
No. 6 Oil 3% ($/bbl)	52.35	52.45	52.400

OPIS NGL Assessments

Product	Low	High	Avg
N. Gasoline (River) Any	104.000	106.250	105.1250
N. Gasoline (River) Out	105.750	108.000	106.8750
Propane TET	63.750	64.500	64.1250
Normal Butane TET	65.000	65.875	65.4375
Isobutane TET	79.750	80.250	80.0000

OPIS U.S. Gulf Coast Refined Product Values (cts/gal)

	Waterborne Prompt			Waterborne Forward			Colonial Pipe Prompt			Colonial Pipe Forward		
Product	Low	High	Avg	Low	High	Avg	Low	High	Avg	Low	High	Avg
Unleaded Regular	131.78	132.03	131.905	132.53	132.78	132.655	130.53	130.78	130.655	131.28	131.53	131.405
CBOB	-- --	-- --	-- --	-- --	-- --	-- --	126.53	126.78	126.655	127.03	127.28	127.155
No. 2 Oil	157.17	158.17	157.670	157.17	158.17	157.670	155.92	156.92	156.420	155.92	156.92	156.420
Jet 54	170.92	171.92	171.420	-- --	-- --	-- --	169.42	170.42	169.920	168.92	169.92	169.420
ULSD	169.17	169.57	169.370	170.37	170.77	170.570	168.17	168.57	168.370	168.97	169.37	169.170

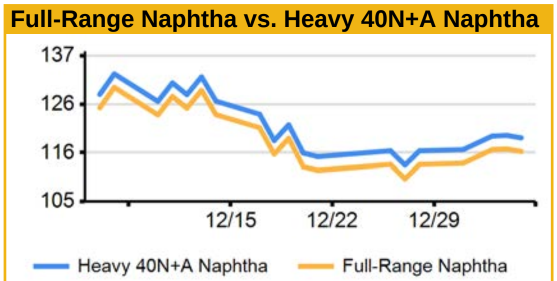
OPIS USGC Crack Spreads

USGC Prompt Crack Spreads to WTI Crude		
Crack Spread	Cash (cts/gal)	Crack ($/bbl)
70/30 UNL/ULSD	143.1445	12.16
UNL	131.905	7.44
ULSD	169.370	23.18
70/30 CBOB/No. 2	135.9595	9.14
CBOB	126.655	5.24
No. 2	157.670	18.26

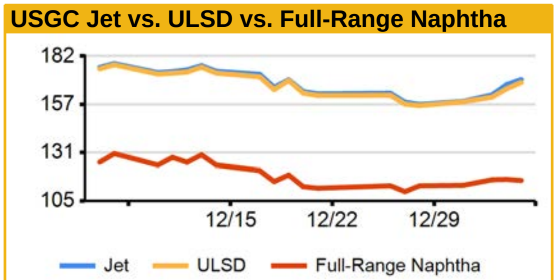
USGC Forward Crack Spreads to WTI Crude		
Crack Spread	Cash (cts/gal)	Crack ($/bbl)
70/30 UNL/ULSD	144.0295	12.21
UNL	132.655	7.44
ULSD	170.570	23.36

30-Day Trends (cts/gal)

Full-Range Naphtha vs. Heavy 40N+A Naphtha



USGC Jet vs. ULSD vs. Full-Range Naphtha



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WTI narrowed by $1.10/bbl today to $7.44/bbl.

The USGC waterborne high sulfur No. 2 (HS) crack improved by 48cts/bbl to $18.26/bbl, and the USGC ULSD crack strengthened by 55cts/bbl to $23.18/bbl.

The USGC HS 70/30 crack lost 62cts/bbl to $10.69/bbl, and the USGC ULSD 70/30 crack lost 61cts/bbl to $12.16/bbl.

In the Gulf Coast VGO spot market, there were reports today of cargo HSVGO offered at February WTI plus $15.75/bbl delivered USGC basis. Based on that offer level, OPIS lowered the USGC cargo HSVGO assessment from $15.75-$16.25/bbl over February WTI to $15.25-$15.75/bbl over February WTI.

As for the USGC barge VGO market, there were reports today of barge HSVGO offered at February WTI plus $16.25/bbl FOB basis, which would translate to approximately February WTI plus $16.75/bbl delivered basis. However, there were no reports of buyers stepping up to that offer level.

At current VGO levels versus WTI, refiners using VGO as cat-cracker feed have no margin. Today's USGC barge HSVGO assessment of $16.25/bbl over February WTI (mean assessment) translates to 9.75cts/gal over the USGC ULSD 70/30 split value. One broker said he did not expect refiners to step up to that level except for on a distressed basis. "There's plenty of gasoline out there. The Gulf Coast is swimming in it," the broker added.

In the Gulf Coast naphtha market, there were reports of naphtha with 62 API gravity, 40 N+A and "touch high" nitrogen content of 4.2 ppm being offered at 15.00cts/gal under USGC waterborne unleaded, delivered basis, and bid at 19.00cts/gal under USGC waterborne unleaded, delivered basis. However, there were also reports of 43 N+A naphtha with an API gravity of 59 being bid at 14.00cts/gal under USGC waterborne unleaded, delivered basis. Based on that bid level, OPIS left unchanged from Thursday the heavy naphtha assessment of 13.50-12.50cts/gal under USGC waterborne unleaded, delivered basis.

IN GASOLINE

Gasoline prices in the U.S. GULF COAST spot market started the day with big multicent gains, but those faded as the market headed into the weekend, with products finishing up the week nearly flat to where they were yesterday.
Today was the first day of Cycle 4 as prompt-timing, and with traders eyeing the end of next Wednesday's session as their deadline to book their needs, there wasn't much action to round out the week. Basis direction was mixed but stuck

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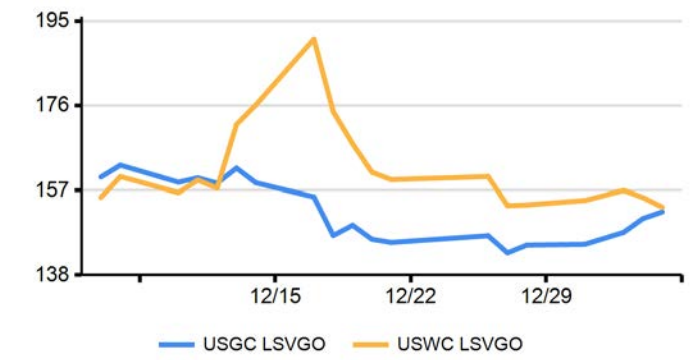
OPIS West Coast Spot Feedstocks Values

	Range (cts/gal)			Diff to 70/30 (cts/gal)			Diff to WTI ($/bbl)			Diff to ANS ($/bbl)		
Product	**Low**	**High**	**Avg**	**Low**	**High**	**Avg**	**Low**	**High**	**Avg**	**Low**	**High**	**Avg**
Low Sulfur VGO	152.35	154.35	153.350	-5.00	-3.00	-4.00	16.05	16.90	16.475	9.90	10.75	10.325
High Sulfur VGO	148.35	150.35	149.350	-9.00	-7.00	-8.00	14.35	15.20	14.775	8.25	9.05	8.650
Light Cycle Oil*	144.50	146.50	145.500	-32.90	-30.90	-31.90	-- --	-- --	-- --	**ANS Crude**		54.09

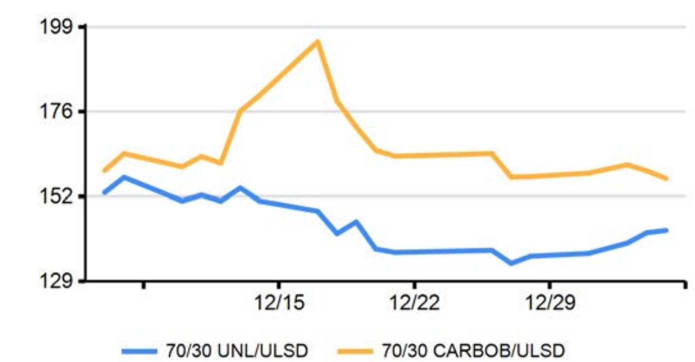
* Diff to L.A. ULSD

USGC-to-USWC Arbitrage (cts/gal)

U.S. West Coast LSVGO vs. USGC LSVGO



USWC 70/30 Split vs. USGC 70/30 Split



OPIS USWC Crack Spreads ($/bbl)

USWC Prompt Crack Spreads to WTI Crude		
Crack Spread	**Cash (cts/gal)**	**Crack ($/bbl)**
70/30 CARBOB/ULSD	157.3720	18.14
CARBOB	148.780	14.53
ULSD	177.420	26.56

OPIS USWC Refined Products (cts/gal)

	Prompt			Forward		
Product	**Low**	**High**	**Avg**	**Low**	**High**	**Avg**
CARBOB	147.78	149.78	148.780	155.68	156.68	156.180
ULSD	176.92	177.92	177.420	-- --	-- --	-- --

OPIS East Coast (NYH Barge) Refined Products (cts/gal)

	Prompt			Forward		
Product	**Low**	**High**	**Avg**	**Low**	**High**	**Avg**
Unleaded Reg	-- --	-- --	-- --	-- --	-- --	-- --
No. 2 Oil	166.17	167.17	166.670	166.17	167.17	166.670
Jet 54	186.92	187.92	187.420	186.92	187.92	187.420

OPIS East Coast Heavy Fuels Products ($/bbl)

Product	**Low**	**High**	**Avg**
No. 6 Oil .3% Hi Pour	64.75	64.85	64.800
No. 6 Oil 1.0%	54.55	54.65	54.600
No. 6 Oil 3%	53.25	53.35	53.300

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close to Thursday's value, and without much movement from futures by the end of the day, prices also didn't stray far.

This morning's EIA report did show a big build in PADD3/Gulf Coast gasoline inventories. Stockpiles jumped 3.5 million bbl, the most of any region in the nation, to bring total stockpiles to 89.2 million bbl. That is the highest-ever gasoline inventory for the region going back to the beginning of 1990, when the EIA began tracking PADD3 gasoline inventory data, blowing away the old record of 86.275 million bbl seen in mid-January 2016.

With demand down and refineries in the region operating at over 99% capacity for only the third time since 2010 (when EIA started tracking PADD3 utilization rates), there may be more stock builds on the way.

Prompt CBOB was heard done early at an 8ct discount to the Merc, but traded later in the session at 8.25cts beneath the NYMEX a few times. That has diffs down just a bit from yesterday, which added to the minor Merc losses today. Prices peeled back 42pts, but at $1.26655/gal are still much stronger than the sub-$1.20/gal marks seen briefly at the end of December.

Conventional gasoline was also slimly traded today, with deals done at 4cts and 4.25cts under futures. That was down about 35pts from yesterday, and like CBOB, outright values saw minor losses of 54.5pts, to $1.30655/gal. But, those weren't enough to pull prices back under $1.30/gal, marking the first back-to-back, $1.30-plus days since Dec. 18-19.

RBOB remained lackluster all day, with 13.5-lb. RVP "F4" sticking around 6cts below the NYMEX heading into the weekend - up a quarter-penny. That was enough to largely mitigate any futures slump, and prices were unchanged with gains of just 8pts, to $1.2878/gal.

Colonial Pipeline line space for Line 1, the main gasoline line, also saw very little movement today, with chatter on either side of a 2.75ct premium seeing values shave off just 13pts from yesterday's mean.

NEW YORK HARBOR gasoline spot prices were mostly lower at day's end, as light NYMEX losses teamed up with some softening cash trade levels.

Basis diffs for prompt barge and Buckeye RBOB firmed by about 8pts, to 2cts above February NYMEX RBOB futures, with a deal inked for prompt Buckeye barrels at this same level today. Mean prices softened a touch, giving up 9.5pts, to close at $1.3678/gal.

Looking ahead, the forward curve for RBOB remains backwardated, as supplies become cheaper between now and the end of the month. Jan. 10 and 11 material traded today at 1.25cts above the screen, while any timing barrels - which reflect end-month values - were gauged at "flat" to the Merc.

Prompt barge and Buckeye CBOB was also gauged at a 2ct premium to futures, weakening its basis by 25pts relative to yesterday's mean.

Premium RBOB for prompt barge and Buckeye loading saw its basis weaken by two pennies, with barrels most recently gauged at 14cts above RBOB futures. Looking ahead, non-prompt Jan. 9

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OPIS Feedstocks Pricing

While vacuum gasoil (VGO) volumes transacted in the U.S. Gulf Coast spot market are not expected to exactly match the VGO specifications outlined in OPIS's feedstocks methodology, the OPIS specifications serve as a benchmark for making spot assessments. VGO with materially above-average qualities (relative to OPIS specifications) would be expected to command a stronger price, and VGO with materially sub-par specifications would be expected to be discounted for quality.

Depending on the extent of the quality discrepancy from OPIS' specifications, OPIS may decide to reflect VGO deals somewhere within price ranges (near one end of the range rather than the mean), or OPIS may decide that the qualities of the VGO in question are too far removed from the outlined specifications to be considered representative of spot VGO values.

The full methodology for OPIS' assessment of U.S. Gulf Coast and U.S. West Coast VGO, naphtha and other intermediate refinery feedstocks can be found online at http://www.opisnet.com/about/methodology.aspx

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material traded at a 14ct Merc premium during today's session.
Turning to offline material, prompt Cycle 72 CBOB was heard trading at 1.50cts above the screen, narrowing trade premiums by 25pts. With an additional tug lower from futures, outright mean prices fell 42pts, to close at $1.3628/gal.
Prompt Cycle 71 RBOB 15.0-lb. RVP barrels held at 3cts above the screen, for an outright mean price of $1.3778/gal. Looking ahead, non-prompt Cycle 72 supplies traded at 2.50cts above RBOB futures today.
EIA inventory data released this morning for the week ended Dec. 28 indicates that PADD 1 (East Coast) gasoline stockpiles built by 700,000 bbl, to 61.1 million bbl, as supplies remain ahead of last year's level as well as the five-year average.
Gasoline imports into the region slowed, coming in at 289,000 b/d, compared with 387,000 b/d the week prior.
Regional refinery utilization jumped above 90% for the first time since late November, to 91.8%.
U.S. MIDWEST gasoline products ended the day lower, unable to hold onto gains thanks to Merc pressure and cheaper cash trade.
GROUP 3 "V-grade" sub-octane gasoline levels were exhibiting signs of weakness with cash trade early on. Barrels were confirmed traded at a high of minus 8cts/gal versus February RBOB futures and last confirmed done at minus 8.75cts/gal.
Full-day prices tipped 42pts into the red, closing at $1.26405/gal.
Premium unleaded "A-grade" gasoline was confirmed traded a penny cheaper at 9cts/gal over the Merc, helping secure 1.17cts worth of losses to bring prices down to $1.4378/gal.
CHICAGO CBOB initially showed signs of strengthening, but softer offers for West Shore Pipeline CBOB again added downward pressure. Prompt Cycle 1 barrels were confirmed traded between 10.50cts-10.25cts/gal for Wolverine Pipeline and heard offered at minus 16.50cts/gal for West Shore Pipeline.
Differentials were assessed at a mean of minus 13.625cts/gal.
End-day prices slumped 1.545cts to $1.21155/gal.
Midwest PADD2 regional gasoline stockpiles grew by 1.2 million bbl so the region is now swimming in 54.3 million bbl, according to the latest round of EIA data. That's 4 million bbl more than both the year-ago figure and the five-year average.
Gas stocks in the Midwest have been steadily building since mid-November when levels were closer to 46 million bbl.
IN DISTILLATES
In the U.S. GULF COAST, spot distillate prices once again rallied on Friday, pressured by NYMEX buying and some stronger trading levels.
Ultra-low-sulfur diesel moved to Cycle 3 last night, and those newly prompt supplies most recently traded at 8.40cts below February NYMEX ULSD futures, narrowing the discount by 80pts compared to Thursday's closing mean differential. Deals were also executed earlier today between 8.35-8.75ct Merc discounts.
Outright mean prices soared by 3.37cts, at $1.6837/gal at week's end, placing cash values at their highest amount in a little more than two weeks.
Prompt ultra-low-sulfur heating oil was talked around a 2.95ct discount to ULSD, or $1.6542/gal outright.
Cycle 3 high-sulfur diesel traded at 20.50ct Merc discounts, 50pts stronger than yesterday's mean. Outright mean prices picked up 3.22cts, at $1.5642/gal at closing.
Jet fuel for Cycle 3 delivery scheduled today, and prompt material changed hands at 7cts beneath the screen, flat with Thursday's ending mean diff. Outright mean prices climbed to $1.6992/gal, an

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upturn of 2.72cts at the close of the session. Notably, Gulf Coast jet fuel prices skyrocketed by around 5.30cts week-on-week.
Line space on Colonial Pipeline's Line 2 - the main distillate line - was heard and confirmed transacting between 2.50-3cts above pipeline tariffs, ending at the low end of that range, 1.15cts weaker than yesterday's finish.
Elsewhere, today's EIA report showed PADD3 (Gulf Coast) distillate inventories hit a two-month high, increasing by 2.8 million bbl, to 40.6 million bbl, for the week ended Dec. 28. On the other hand, Gulf Coast jet fuel stockpiles fell by 600,000 bbl, to 14.2 million bbl, last week.
NEW YORK HARBOR distillates bulk prices closed today's session firmly in the black, thanks to solid futures gains.
Basis diffs for prompt barge and Buckeye ULSD held steady, at "flat" to February NYMEX ULSD futures, as supplies were offered out in the marketplace at 25pts above the screen. With cash trade levels unchanged, outright mean prices rode Merc gains 2.72cts higher, to close at $1.7692/gal.
Offline Cycle 72 ULSD traded "flat" to the screen today, firming cash trade levels by 15pts.
Laurel Pipeline ULSD was last gauged at a 2ct Merc discount, even with yesterday's mean diff. Jan. 7-8 material was heard trading at this same level today.
Prompt barge ULSHO saw its basis soften by 1.35cts, as barrels for Jan. 7-8 loading traded at a 3.50ct Merc discount. Despite the softer diff, outright mean prices stepped 1.37cts higher, to $1.7342/gal.
Offline prompt Cycle 72 ULSHO also saw its discount widen, with a deal struck today at 3cts beneath the screen.
Basis diffs for prompt barge and Buckeye jet fuel continued to climb today, with barrels most recently gauged at 10.50cts above the screen. Looking ahead, a bid for non-prompt Jan. 11-13 supplies was most recently heard at 10cts above futures. Mean cash prices climbed 8.22cts, to $1.8742/gal.
Market participants pointed to recent gains in the Gulf Coast basis as a likely reason for this sharp increase, with one source noting that when U.S. Gulf Coast jet climbs, the New York Harbor market will usually reciprocate over the course of the following days.
According to EIA inventory data released today for the week ended Dec. 28, PADD 1 (East Coast) distillates inventories expanded by 2.2 million bbl, to 40.4 million bbl. Despite this increase, stocks continue to be relatively tight, with levels lagging the five-year average by roughly 10 million bbl.
Jet inventories in the region built by 800,000 bbl, to 9.1 mil bbl, putting stocks on par with the five-year average.
U.S. MIDWEST distillates prices were mixed at the end of the day despite strong Merc support.
CHICAGO ULSD discounts widened by 5.50cts to minus 29.50cts/gal. Barrels were confirmed done at minus 22cts/gal for Cycle 1 Buckeye Complex and also confirmed at minus 37cts/gal for a prompt and Cycle 2 generic package.
Prices fell 2.78cts to $1.4742/gal, saved from even steeper losses thanks to NYMEX buying that partially offset value declines.
Cycle 1 jet fuel added 2.72cts to $1.5692/gal with discounts unchanged at 20cts/gal versus the screen.
GROUP 3 "X-grade" ULSD rose 2.095cts to $1.67545/gal. Barrels were swapped at minus 9.25cts/gal and minus 9.50cts/gal.
Thinly-traded "Y-grade" ultra-low-sulfur kero fell 3.905cts to $1.99045/gal with faltering offers. Premiums were assessed at 22.125cts/gal over the Merc, dropping around 6cts from yesterday's mean.

RESIDUAL FUEL:
February WTI settled $0.87/bbl higher today, and residual fuel values firmed by $1.10-$1.15/bbl.
Spot residual fuel values today were largely defined by stronger swaps values, with no physical deals reported. OPIS today assessed East Coast 1% sulfur resid at $54.55-$54.65/bbl and Gulf Coast 3% sulfur resid at $52.35-$52.45/bbl.
Swaps on the East Coast for 1% sulfur were last seen at January $54.45/bbl (up $1.10/bbl), February $53.30/bbl (up $1.05/bbl) and March $52.40/bbl (up $1.05/bbl). Swaps on the Gulf Coast for 3% sulfur were last seen at January $51.40/bbl (up $1.15/bbl), February $50.15/bbl (up $1.05/bbl) and March $49.50/bbl (up $1.05/bbl).

NEWS:
***EIA Report: Production, Supply Find Late-Year Mismatch
Data released by the EIA this morning saw a big mismatch between refinery runs and demand, leading to some outsized builds in gasoline and distillate for the week ending Dec. 28.
The holiday-delayed data showed that total product supplied stood at 19.056 million b/d, the softest demand reading since the week of June 1. Total product supplied spent 2018 and for that matter 2017 in the 20 million-21 million b/d range, but a late-December, early-January drop is fairly common.
Drops in total products supplied were highlighted by big declines in the marquee product demand readings. The gasoline demand rendering from the EIA of 8.623 million b/d is indeed the lowest of the 2018 and represents a week-on-week drop of more than 8%. Meanwhile, distillate demand has been on a bit of a roller coaster ride, with demand off by more than 1 million b/d to 3.203 million b/d. The demand measurement from the EIA was the lowest since the week of Jan. 6, 2017.
Not only is there a tendency for demand to slide near the end of the year, but there is also the trend during which refiners run as much crude and feedstocks as possible ahead of maintenance, and 2018 was no different. Gross inputs jumped to 18.077 million b/d, the strongest run rate since early September.
The strong gross inputs mostly manifested itself in distillate production. In fact, total distillate production came in at 5.991 million b/d, just 1,000 b/d shy of the all-time high, which, incidentally, was hit on the last week of 2017.
Gasoline production did take a step back, though, as total output came in at 9.637 million b/d.
The falling demand and strong output also led to large product builds, particularly for distillate, which saw a build of 9.529 million bbl. While total storage levels jumped to 129.431 million bbl, there is still a more than 9 million-bbl year-on-year deficit. With such

a large build nationally, each region saw storage levels move higher, but it was the east of the Rockies PADDs that accounted for nearly all of the build, with PADDs 1-3 up some 8 million bbl.

Gasoline inventories were up by 6.89 million bbl in the final full week of 2018. In the big national build, 3.5 million bbl ended up in Gulf Coast storage tanks, and at 89.2 million bbl, PADD 3 total inventories were at an all-time high. East Coast inventories were up by 0.8 million bbl, but total inventories of RBOB were down by 100,000 bbl as the build was in other blending components.

The East Coast gasoline supply build may have been light due to low import rates. Total gasoline imports dropped to 314,000 b/d, off almost 200,000 b/d week on week. But imports of gasoline and blending components moving into East Coast deep-water ports were off by almost 100,000 b/d to 289,000 b/d. As gasoline imports slipped, exports ticked higher with the U.S. sending 872,000 b/d to foreign markets.

One of the bigger surprises in the EIA data was that crude oil storage levels were essentially flat. There is a tendency for refiners to avoid filling oil tanks for year-end tax purposes. However, U.S. inventories have not moved much over the past four weeks, hovering roughly between 441.4 million-441.95 million bbl. For perspective, the last two weeks of 2017 saw storage levels slide by some 12 million bbl.

Regionally supplies did not move much with the small change. However, Gulf Coast supplies did increase by 0.6 million bbl as did the Cushing storage hub. Cushing is ending 2018 with inventories near 42 million bbl and have just about doubled over the last four months of the year.

With refiners looking to minimize stock increases, it's not much of a surprise that crude oil imports trickled lower to less than 7.4 million b/d, off by a little more than 250,000 b/d.

At the same time, crude oil exports pulled back to 2.237 million b/d. Though exports were down more than 700,000 b/d last week, the market appears to be entering new territory, in which 2 million b/d of crude exports are a floor instead of a ceiling. Consider the fact that in the last 16 weeks, just three times were exports less than 2 million b/d.

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