

INSIDE U.S. OIL



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TOP NEWS

Oil stocks face crucial earnings test as investors venture back in

Formerly sceptical investors are buying back into oil majors in the hope that upcoming results will mark a turning point for energy stocks which have failed to keep pace with a surge in

crude prices. Oil stocks could begin to close that gap if results live up to lofty expectations, with Goldman Sachs predicting the strongest free cash flow figures in a decade for the sector.

ANALYSIS-Asian oil demand to hit record, but industry can't take eyes off Middle East

Asian oil demand will hit a record in April just as global crude values are lifted to levels not seen in three years by Middle East supply risks and top exporter Saudi Arabia withholding output and noisily pushing for prices at \$80 to \$100 per barrel. Most analysts have pointed to escalating Middle East conflicts, a crisis in Venezuela, and the supply cuts of Saudi Arabia and other producers as the main drivers taking global benchmark Brent and U.S. West Texas Intermediate crude futures this week to their highest since late 2014 at almost \$75 and \$70 a barrel, respectively.

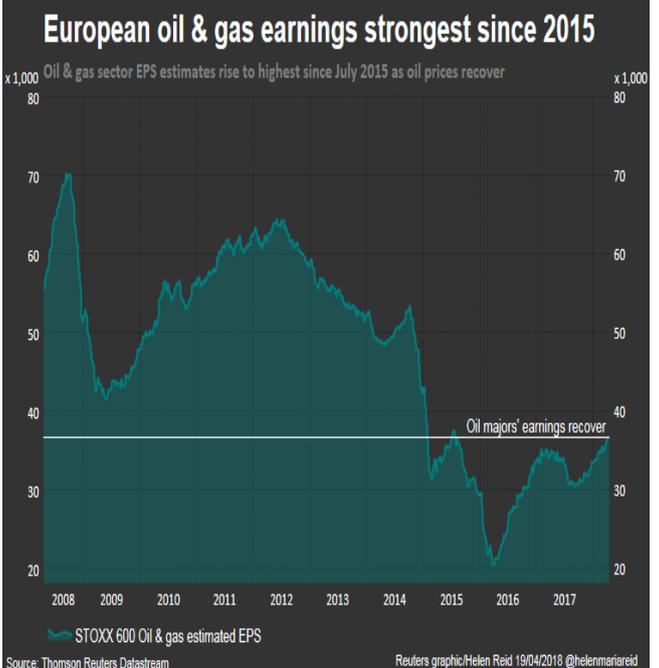
Asia's gasoline glut drags refining margins to 3-month low

Gasoline profits for Asia's oil refiners hit their lowest since 2016, while refining margins have touched a three-month low, pulled down by high crude oil prices and an oversupply of fuel. The slump in profit margins comes as prices for crude oil, which is the most important feedstock for refiners in Asia, hit their highest since late 2014 of almost \$75 per barrel.

India's Iran oil imports fell 15.7 pct in fiscal year 2017/18- trade

India's oil imports from Iran during the 2017/18 fiscal year fell by 15.7 percent from a year ago as state refiners reduced purchases after a row over development rights for an Iranian natural gas field, according to data from shipping and industry sources. India, the world's third-biggest oil importer, shipped in a record 4.46 million barrels per day (bpd) oil in the fiscal year that ended in March to feed its expanded refining capacity.

CHART OF THE DAY



THOMSON REUTERS

Goldman sees strong oil demand through 2018

Goldman Sachs said it expects global oil demand growth to remain strong this year and contribute to further declines in oil inventories. "We believe that the combination of strong developed markets momentum and accelerating emerging markets growth will combine to keep oil demand growth above consensus expectations, with our 2018 year on year forecast at 1.85 million barrels per day (mb/d)," Goldman said in a note dated Thursday.

OPEC, non-OPEC panel finds oil glut virtually eliminated

A global oil glut has been virtually eliminated, according to a joint OPEC and non-OPEC technical panel, two sources familiar with the matter said, thanks in part to an OPEC-led supply cut deal in place since January 2017. The meeting of the Joint Technical Committee (JTC) earlier on Thursday found that oil inventories in developed nations in March stood at 12 million barrels above the five-year average, one of the sources said. That's down from 340 million barrels above the average in January 2017.

INSIGHT-The great Russian oil game in Iraqi Kurdistan

Last October, at the height of a political crisis in Iraq's Kurdistan region, a letter arrived at the Iraqi oil ministry in Baghdad from Igor Sechin, head of Kremlin oil major Rosneft. The Baghdad government was showing a "lack of constructive position and interest" about Rosneft's offer to develop southern Iraqi oilfields, Sechin wrote in the letter, a copy of which was seen by Reuters.

Shell snaps up more than 8 mln bbls Mideast, Russia oil in Asia - sources

Royal Dutch Shell has snapped up more than 8 million barrels of Middle East and Russian crude oil loading in June and resold some cargoes at higher premiums as it profits from robust demand in Asia, five trading sources said on Friday. The region's pull on Middle East and Russian grades, priced off Middle East crude benchmark Dubai, has strengthened this month as a widening of Brent's premium to Dubai has made competing Atlantic Basin supplies more expensive.

EXCLUSIVE-China nears first Americas refining capacity as CNPC, Petrobras talks mature -sources

Brazil's state-run oil company is nearing a deal in which China National Petroleum Corp Ltd (CNPC) would invest in an oil refinery in exchange for crude oil, two people with knowledge of the talks told Reuters, potentially giving China its first refining capacity in the Americas. Petróleo Brasileiro SA, or Petrobras, may give the state-owned Chinese firm stakes in oil fields it operates in the Campos basin, off the Rio de Janeiro coast, along with the right to use the new Comperj refinery, the sources added.

China's private chemical giant Hengli wins approval for crude oil quota

Chinese authorities have approved a 400,000 barrels per day (bpd) crude import quota for private chemical producer Hengli Group, which aims to start trial runs on a newly built refinery in October. The group's listed unit Hengli Petrochemical said in an exchange filing late on Thursday that the National Development and Reform Commission, the state economic planner, had approved the quota.

Condensate premiums slip in Asia on low Indonesia demand, Korea switch

Spot premiums for June-loading condensate sold into Asia have slipped on low demand from Indonesia and as some South Korean buyers have switched to light crude, trade sources said on Friday. The drop in condensate premiums comes despite reduced exports from Iran and ahead of a planned restart of a condensate splitter in China that was expected to lift Asia's demand for the ultra-light oil.

Valero's Texas City refinery hit by explosion, fire

An explosion set off a huge fire at Valero Energy Corp's 225,000 barrel-per-day (bpd) Texas City, Texas, refinery on Thursday afternoon but the fire was quickly contained, according the City of Texas City Emergency Management office. No injuries were reported and the blaze, which was burning light hydrocarbons, was contained about an hour and a half after it broke out, Texas City Emergency Management said.

China Crude Weekly – April imports expected at 38-39 mln mt

Total crude arrivals into China in April are notionally assessed at 38.27 mln mt (9.35 mln bpd) so far, comprising of 34.83 mln mt of seaborne arrivals and 3.44 mln mt of pipeline imports from Russia, Kazakhstan and Mongolia, assessments by Thomson Reuters Oil Research showed. April crude inflows to China are expected to close lower versus the March preliminary custom value of 39.19 mln mt (9.27 mln bpd), due to seasonal turnarounds at Chinese refineries. To read more, [click here](#).

MARKETS TODAY

OIL: Oil prices stayed near three-year highs reached earlier this week, with ongoing OPEC-led supply cuts and strong demand gradually drawing down excess supplies.

FOREX: The euro settled above the \$1.23 line and is poised for its smallest week of gains in 10 months as investors marked time before a European Central Bank meeting next week where policymakers might shed some clues on removing policy stimulus.

U.S. EVENTS SCHEDULED FOR THE DAY (ET)

1030 ECRI Weekly Index: Prior 148.2

1030 ECRI weekly annualized: Prior 3.9 pct

TECHNICAL CHARTS

[NYMEX Crude](#) | [NYMEX RBOB Gasoline](#) | [NYMEX Heating Oil](#) | [ICE Brent Crude](#) | [ICE Gas Oil](#) | [ICE Heating Oil](#)

(Inside U.S. Oil is compiled by Carl Bob Willis Bagh in Bengaluru)

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