

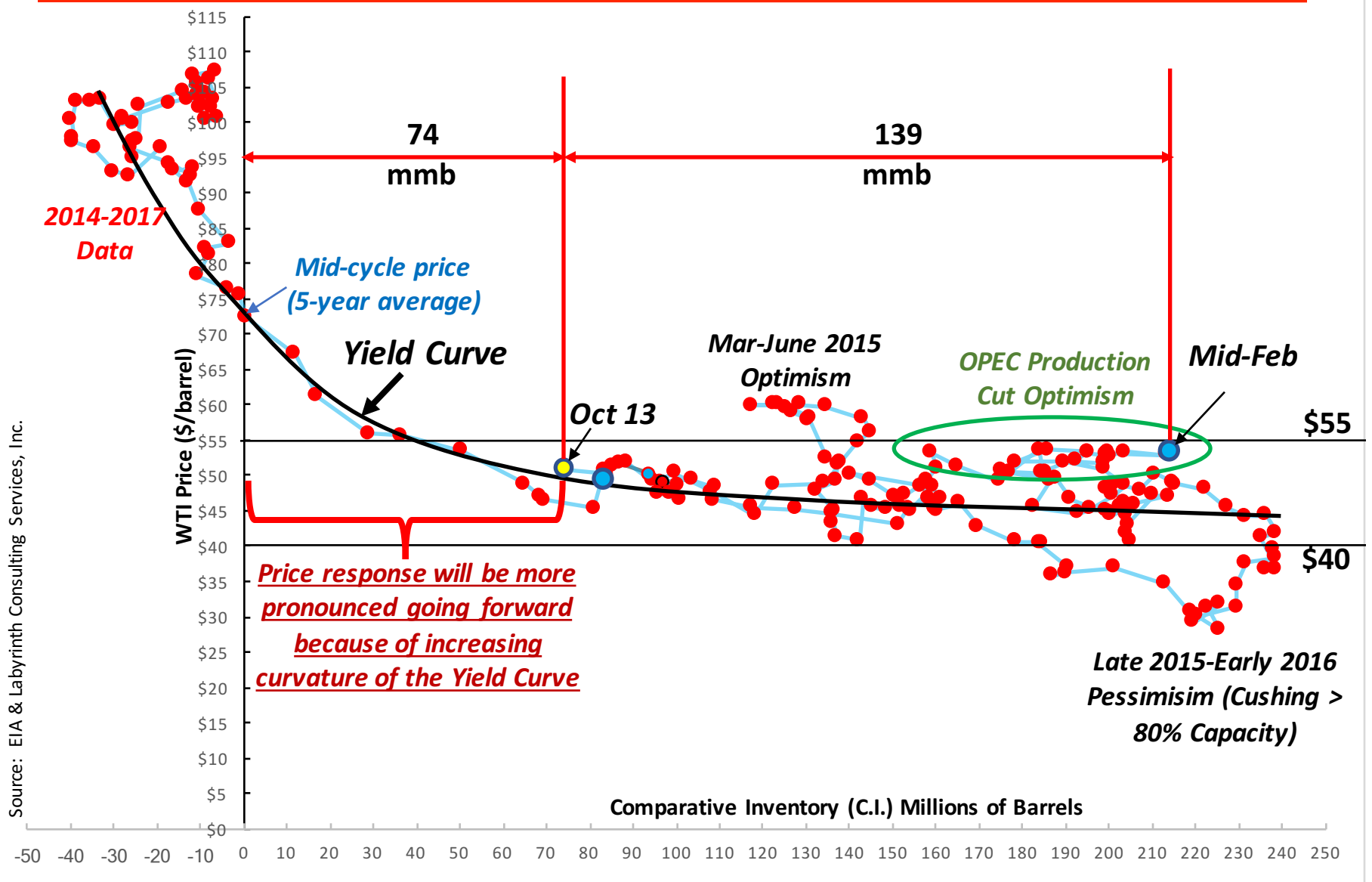


October 2017 Oil & Gas Discussion MacroVoices

**Art Berman
Labyrinth Consulting Services, Inc.**

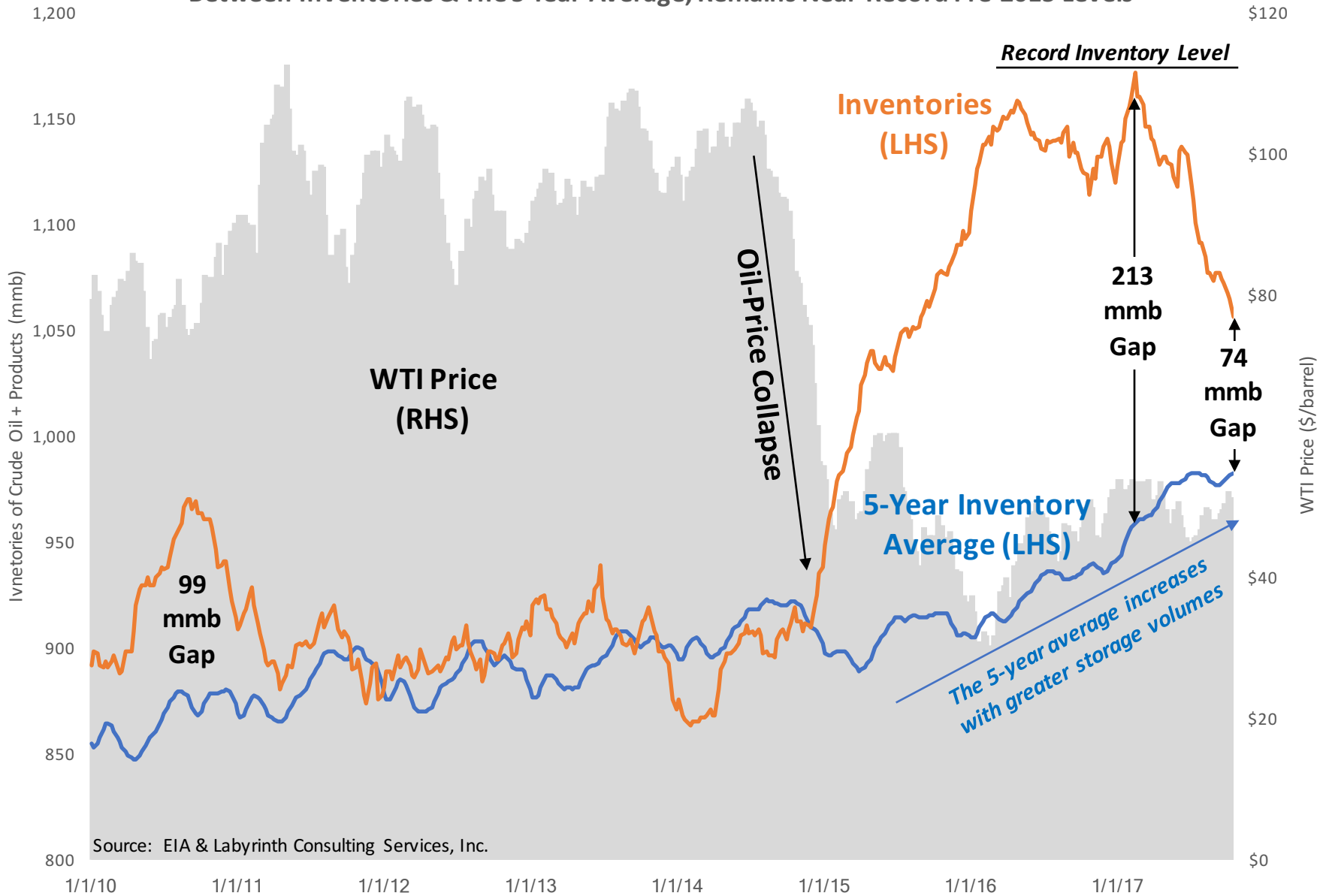
October 19, 2017

Sentiment Has Been Largely Removed From Oil Price Response to CI Reduction Growing Realization That Price Recovery Takes Time

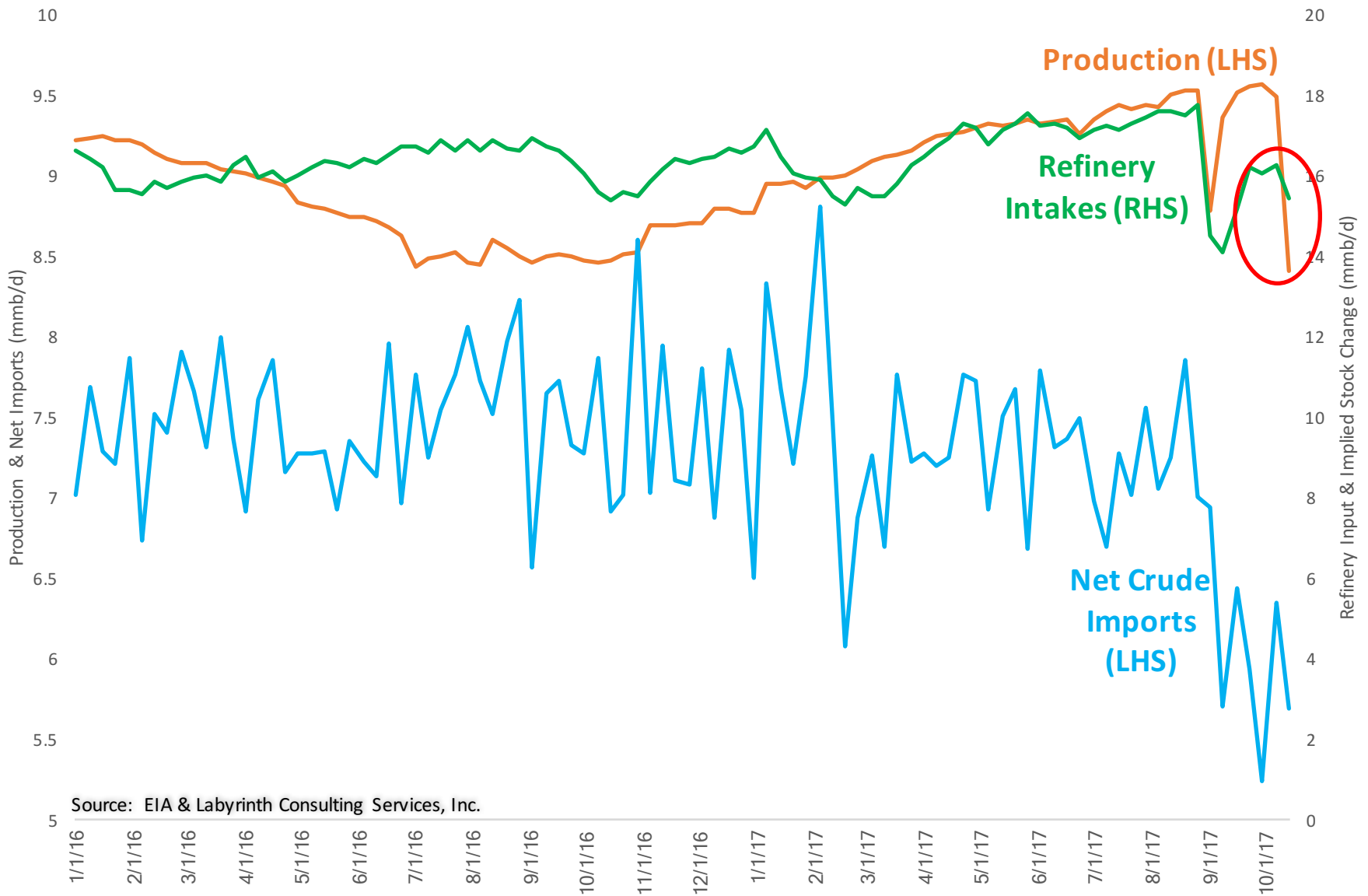


Source: EIA & Labyrinth Consulting Services, Inc.

Inventories Have Fallen From Record Levels--Comparative Inventory, The Difference Between Inventories & The 5-Year Average, Remains Near Record Pre-2015 Levels

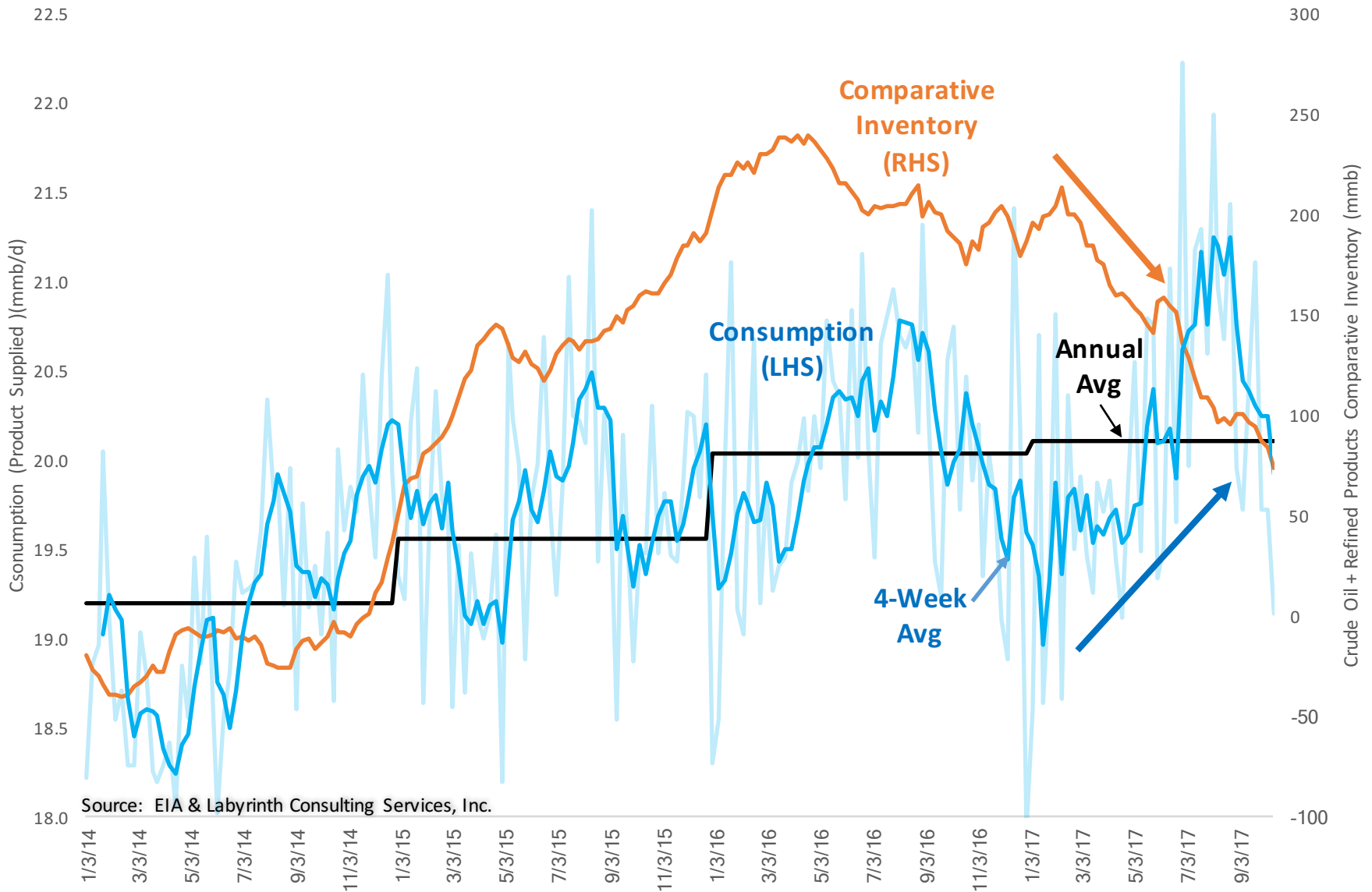


Refinery Intakes Have Not Recovered After Hurricane Harvey; Production Dropped 1.1 mmb/d Week of October 13



Source: EIA & Labyrinth Consulting Services, Inc.

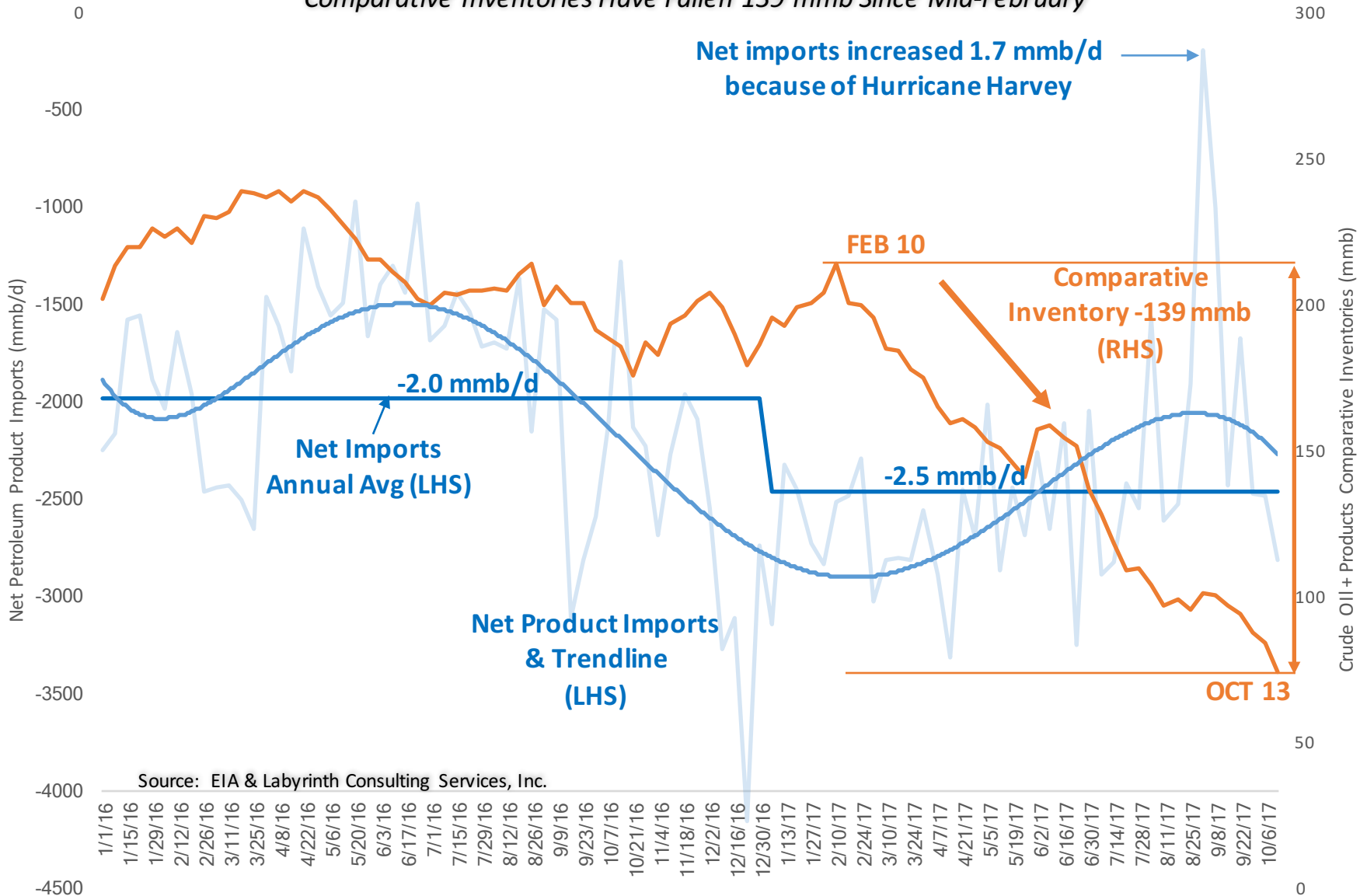
2017 Average Consumption At Record Levels Now Falling Seasonally



Source: EIA & Labyrinth Consulting Services, Inc.

~3.4 mmb/week (479 kb/d) Decrease in Net Petroleum Product Imports Account For Most Inventory Reductions in 2017

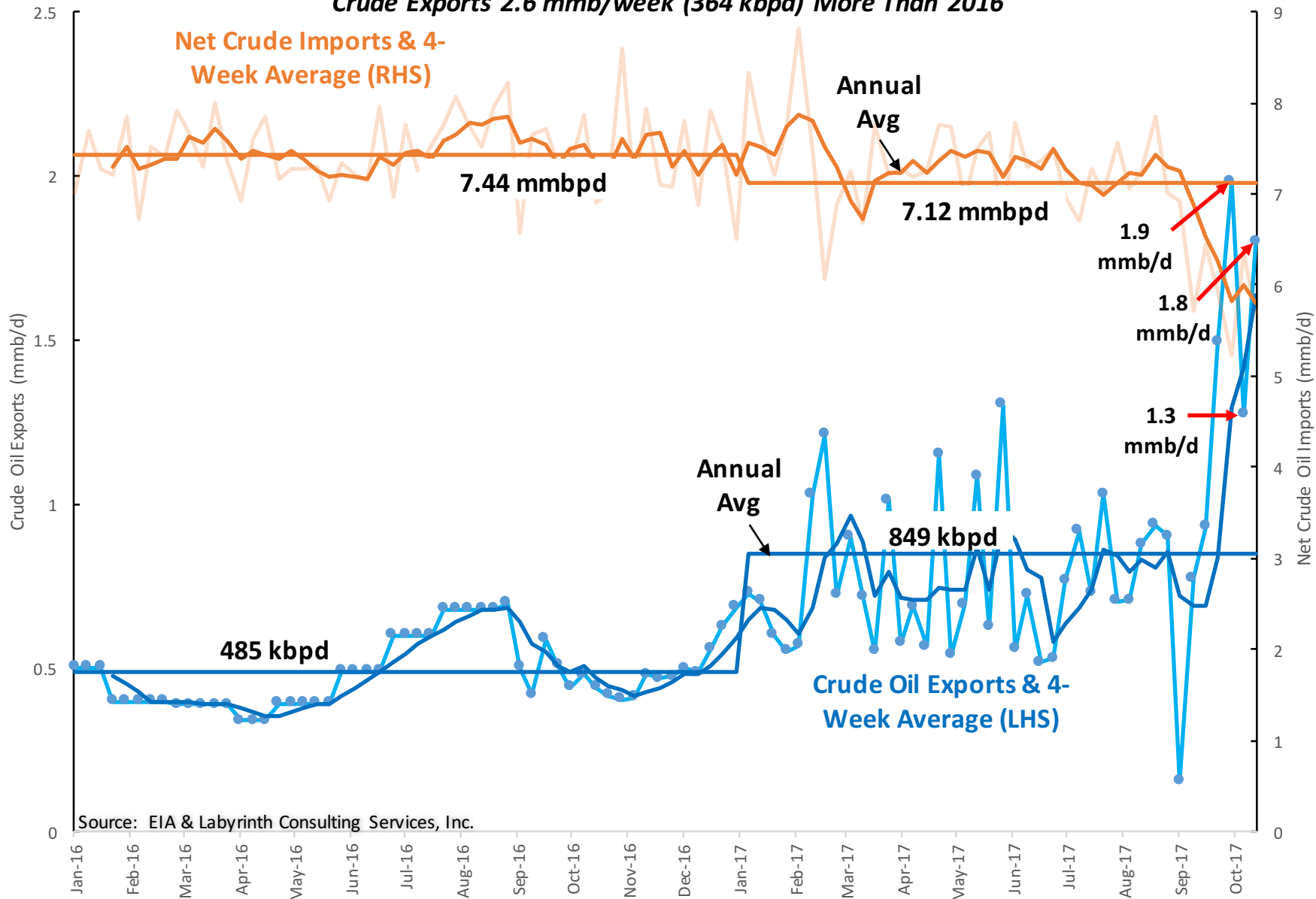
Comparative Inventories Have Fallen 139 mmb Since Mid-February



Source: EIA & Labyrinth Consulting Services, Inc.

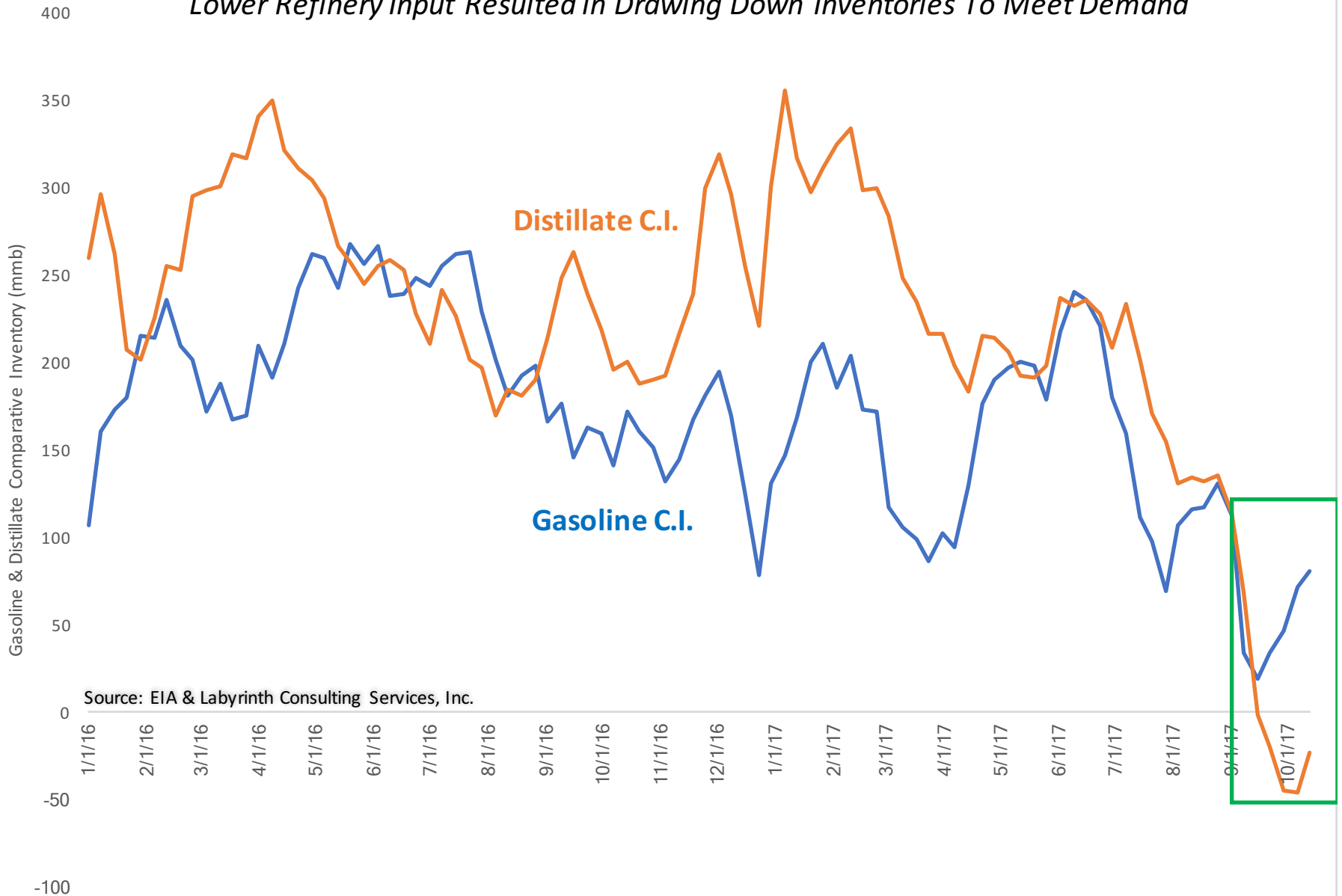
2017 Net Crude Imports 2.2 mmb/week (319 kbpd) Less Than 2016

Crude Exports 2.6 mmb/week (364 kbpd) More Than 2016



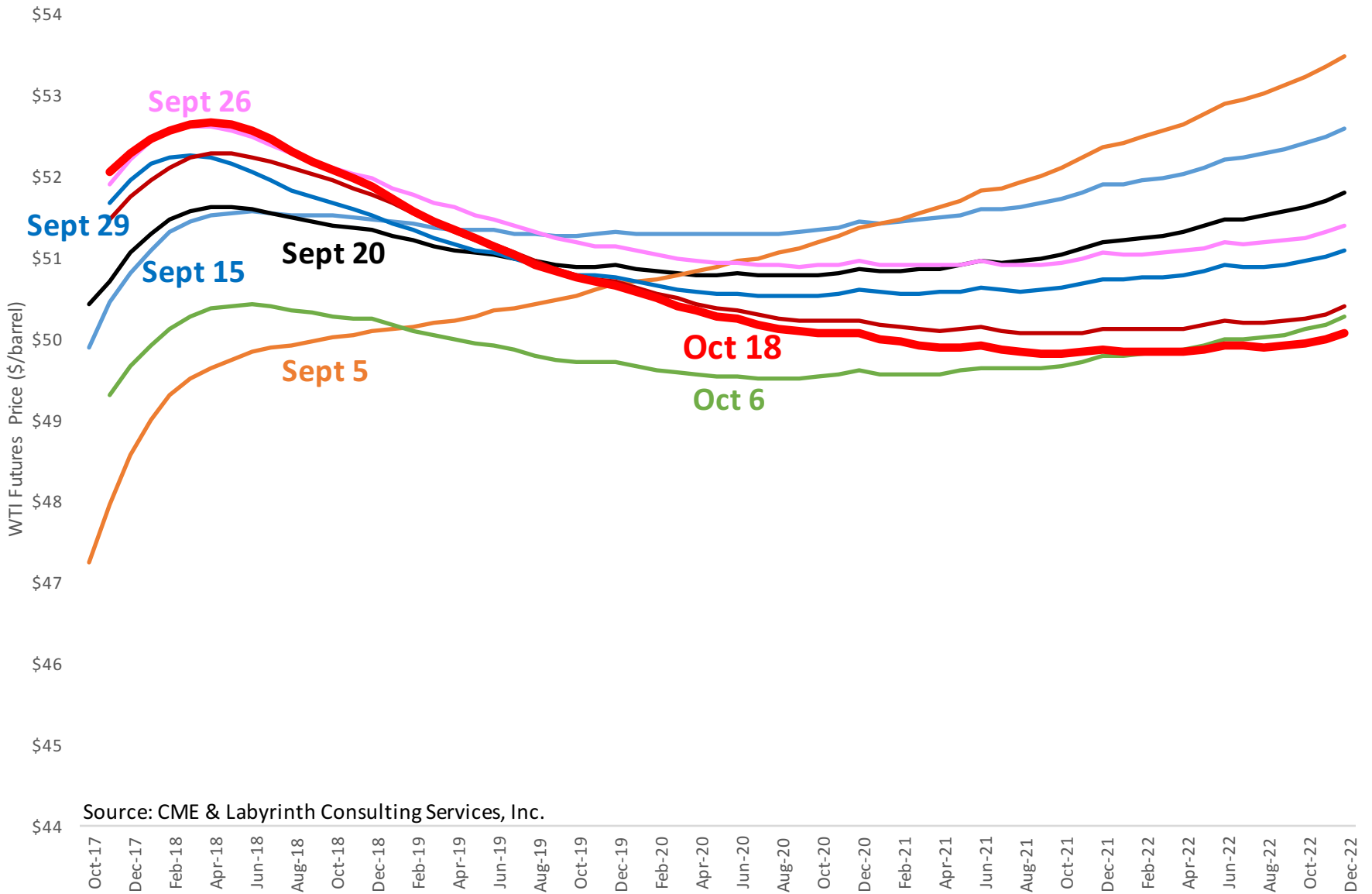
Gasoline & Distillate Stocks Have Fallen Since U.S. Hurricanes

Lower Refinery Input Resulted in Drawing Down Inventories To Meet Demand

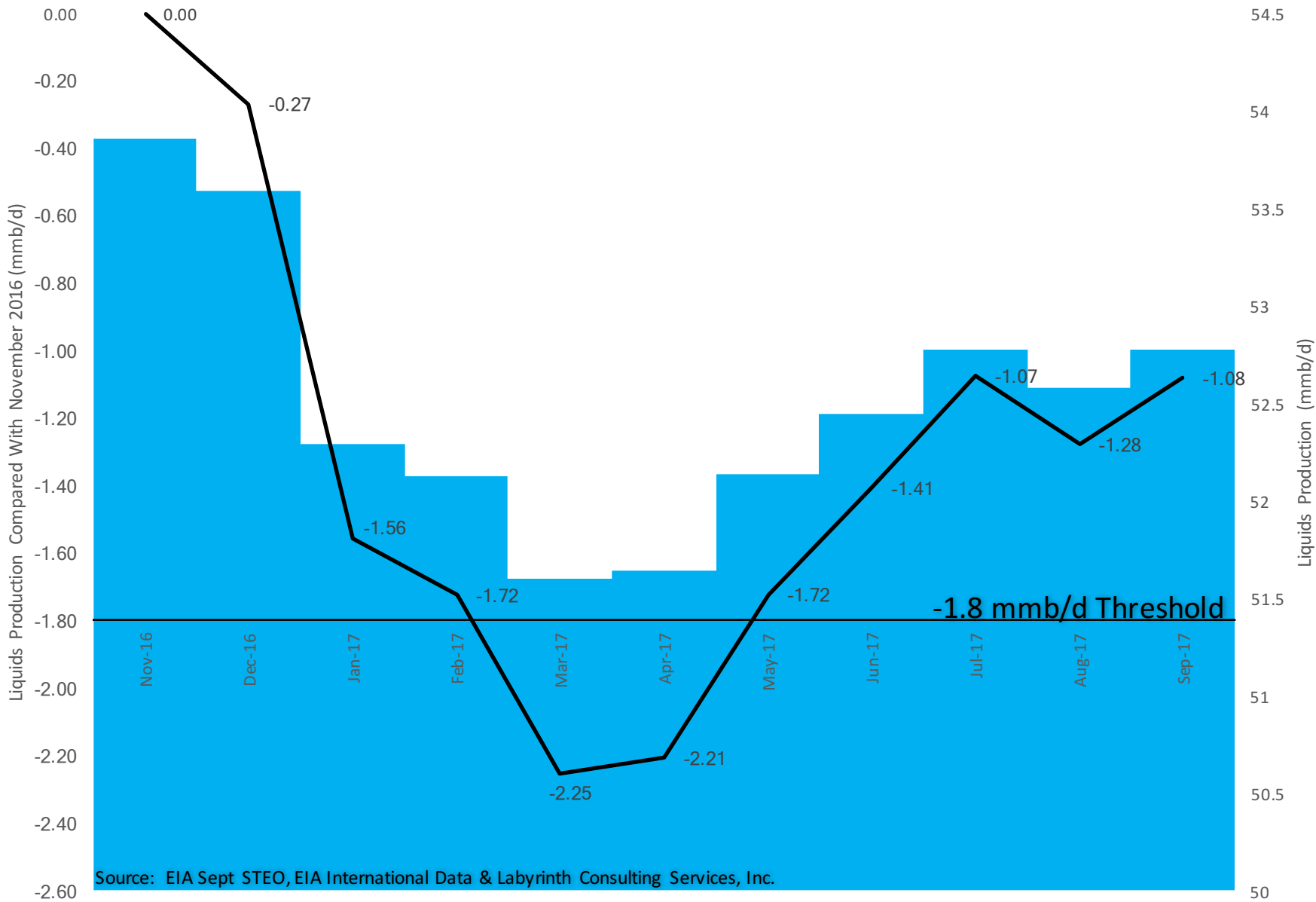


Source: EIA & Labyrinth Consulting Services, Inc.

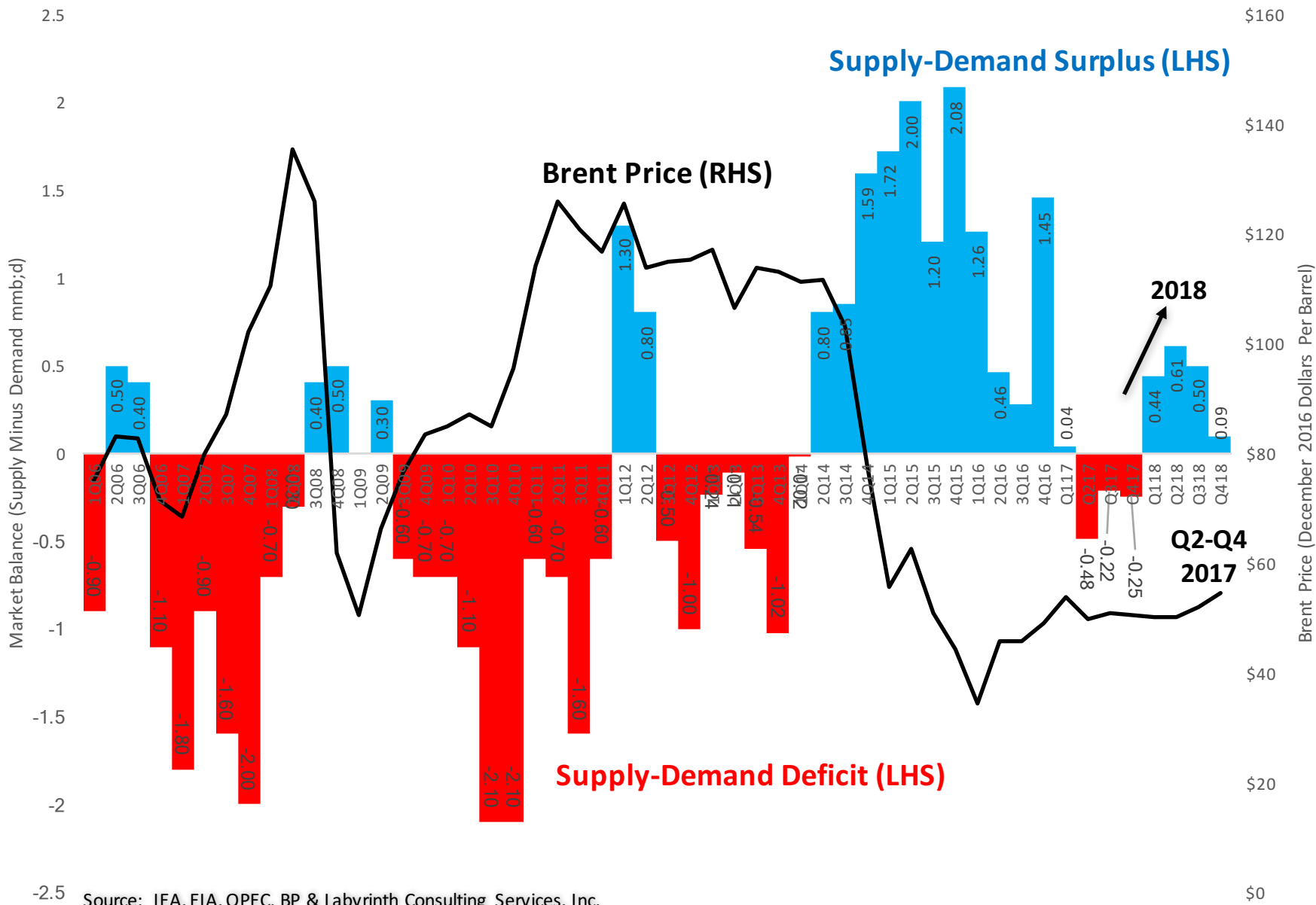
Backdated WTI Forward Curves Reflect Market Concerns About Tightening Supply



OPEC-NOPEC Production Cuts Have Decreased But Are Still > 1 mmb/d

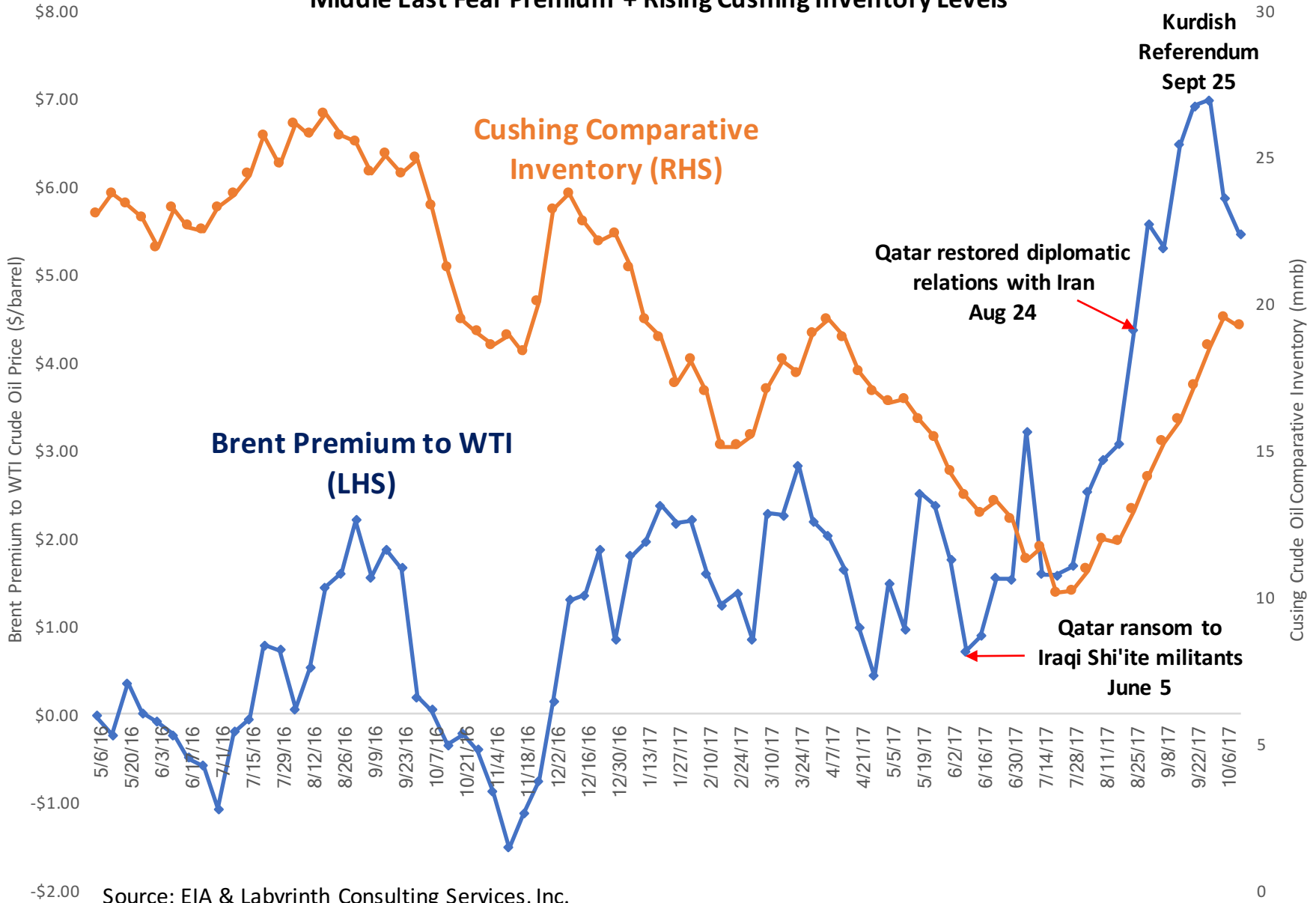


World Market Balance Suggests Slight Deficit for 2017 & Slight Surplus for 2018



Source: IEA, EIA, OPEC, BP & Labyrinth Consulting Services, Inc.

Brent Premium to WTI Increased \$5/barrel From 1H Average But Fell \$1.54 Last 2 Weeks
Middle East Fear Premium + Rising Cushing Inventory Levels



Source: EIA & Labyrinth Consulting Services, Inc.