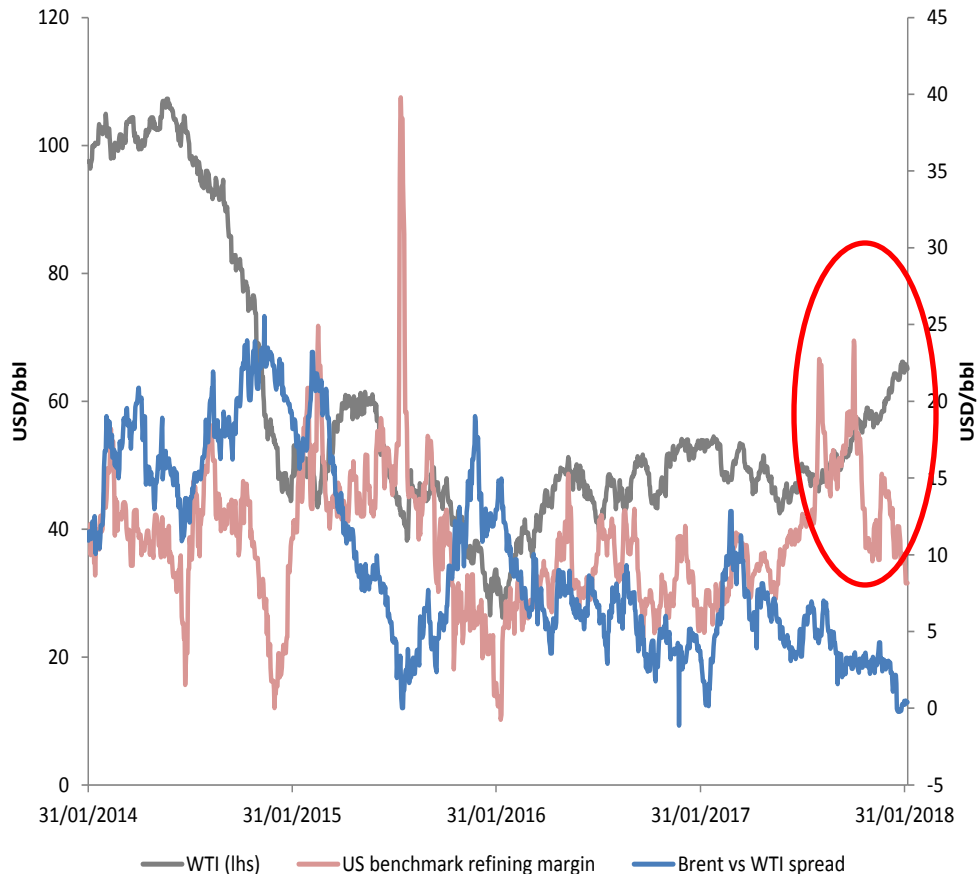


Oil: Watch Out for US Refiners?

Contracting refining margins (pink) and structural pressures imply risk for downstream oil



US refining margins have contracted in Q4 17 / January 18. Indications of corporate risk:

- **Disappointing earnings** at 2 out of 5 supermajors with explicit comments on margins
- The **largest East Coast refiner** (PES) filed for Chapter 11 bankruptcy
- **Structural pressure** from shale, new infrastructure, end of export restrictions; ethanol
- Mitigation from strong end product demand – for now
- **Brent vs WTI spread contraction**