QUARTERLY REVIEW – Q1 2015

CRUDE OIL OVERVIEW

In Q1 crude oil prices continued their downward spiral, breaking below their 2014 lows. January was marked by a steady drop and although there was an attempted recovery during February, prices tested previous lows again in early March before a series of events propped up prices again.

The main drivers of oil prices in January 2015 were the strong performance of the dollar, the continuing reluctance of the OPEC to cut production and the build-up in US inventories, all of which drove oil prices lower.

A temporary spike in volatility was observed in late January, when the death of King Abdullah of Saudi Arabia was announced amidst fears that oil-related policies might change. The King's successor was quick to assure the markets that the policies of the world's largest crude exporter would not be altered.

Prices resumed their fall when oil inventories data showed an increase to the highest level since 1982, increasing fears of a supply glut.

February was marked by the U.S. refinery strike, the first since 1980, and the lowering of the official selling price for Arab Light Crude, compared to the Middle East benchmarks, which was interpreted as a sign that Saudi Arabia was still fighting for market share. A series of oil company scale backs in investment and a slowing in drilling helped oil prices rebound from their January lows.

Early March saw oil prices dropping again after Saudi Arabia increased production, which resulted in increasing OPEC output. Nevertheless, a weaker dollar, following the FOMC (Federal Open Market Committee) statement release on March 18, which pointed to an increase in U.S. interest rates, and tensions in Iraq, Libya and most recently Yemen pushed oil prices higher.

	Q1 Closing Price	YOY	YTD	QoQ
BRENT	**$55.11**	**-48.86%**	**-3.87%**	**-3.87%**
WTI	**$47.60**	**-53.14%**	**-10.64%**	**-10.64%**
GASOIL	**$526.50**	**-41.11%**	**2.78%**	**2.78%**

BRENT

Brent continued to slide in the first quarter, driven by the persisting high oil output in the U.S. and worries over worldwide economic conditions.

The military operation that took place in Yemen on March 26 by Saudi Arabia and its Gulf Arab allies pushed Brent prices up by 6%. Even though importers didn't perceive the operation as a threat to supplies, Brent crude price ended the quarter at $55.11, half way between the monthly high of $62.58 and the monthly low of $46.59.

Brent was in contango at the end of March, with the front month contract trading at a $7.24 discount against the one year futures contract.

WTI

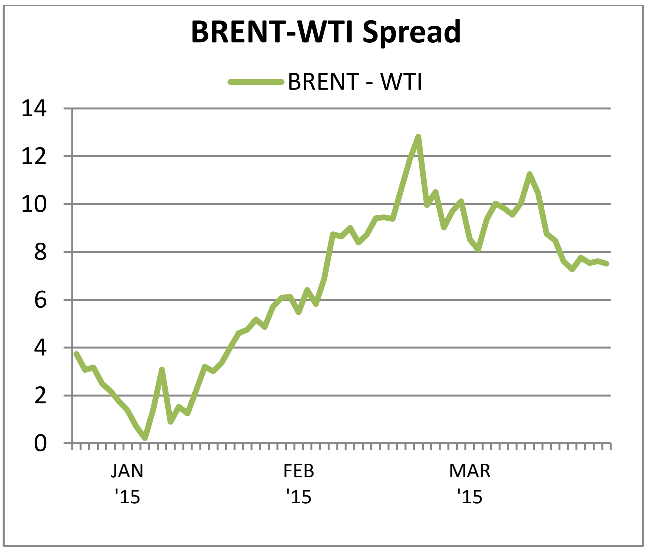
U.S. oil inventories kept posting higher numbers than expected with the lowest reported number on March 11, when inventories increased by 4.5M brls and the highest on March 4 with a 10.3M brls build-up. The last reported number for the quarter came on March 18, showing an increase of 9.6M brls.

While WTI was pushed lower from the U.S. data, even marking new lows at $43.46 on March 17, FED comments on March 18 and a weaker dollar helped the WTI price rebound, closing the quarter at $47.60.

WTI was also in steep contango at the end of March, with the front month contract trading at a $8.87 discount against the one year futures contract.

BRENT-WTI SPREAD

The Brent premium to WTI began the quarter at relatively narrow levels, shrinking gradually towards zero. However, the spread started to widen as the quarter progressed and closed at $7.51.



The Brent-WTI spread widened the most on February 27 when it closed at $12.82, following a steady increase from the quarter's lowest point on January 14, when it stood at $0.21.

The high volatility of the Brent-WTI spread can be attributed to the unusually high annualized volatility of the two benchmarks, which was over 50% for the quarter.

GAS OIL

Gas oil prices were affected by the same geopolitical events as Brent prices and therefore behaved similarly throughout the first quarter, reaching new lows on January 13 at $458.25.

Prices subsequently strengthened touching a high for the quarter at $593.75 on February 27.

Gas oil closed at $526.50 at the end of March. The front month contract traded at a $39 discount to the one year futures contract, which means the market was still in contango.