

Market Commentary

Recap: The oil market on Friday continued to trend higher after it posted an inside trading day on Thursday. The market remained well supported as energy companies shut in production in the Gulf of Mexico ahead of Hurricane Ida, which was forecast to be at least a Category 3 or 4 hurricane by the time it made landfall near New Orleans over the weekend. The crude market posted a low of \$67.52 in overnight trading and bounced off that level as it continued to retrace its previous losses. The market posted a high of \$69.05, retracing almost 50% of its move from a low of \$61.74 to a high of \$71.16, and settled in a sideways trading pattern during the remainder of the session. The October WTI contract settled up \$1.32 at \$68.74 and the Brent contract settled up \$1.63 at \$72.70. The product markets settled sharply higher, with the heating oil market settling up 2.60 cents at \$2.1092 and the RBOB market settling up 1.88 cents at \$2.2742.

Technical Analysis: The market on Monday will remain supported as the shut in production will likely take some time to come back, given the latest hurricane forecast calling for an intensification of the hurricane to at least a Category 3 or 4 when it makes landfall on Sunday evening. The market is seen finding resistance at its high of \$69.05, followed by \$69.36, its 50% retracement level, \$70.83, basis a trendline and \$71.16, its 62% retracement level. Meanwhile, support is seen at \$68.42, \$68.11, and its low of \$67.52, \$67.02 and \$66.92. More distant support is seen at \$65.41.

Fundamental News: U.S. oil and gas companies on Friday rushed to complete evacuations from offshore Gulf of Mexico platforms as Hurricane Ida advanced towards oilfields that provide 17% of the nation's oil production. According to the National Hurricane Center, the storm early Friday was about 50 miles northwest of Grand Cayman Island moving north at 15 miles and expected to intensify and become near a major hurricane when it hits the central U.S. Gulf Coast, near New Orleans, this weekend. According to Crown Weather Services rapid intensification is expected on Saturday and continuing through Sunday. It is likely that Ida will be a major devastating storm of at least a Category 3 or 4 hurricane across south-central and southeast Louisiana and southern Mississippi when it makes landfall late Sunday afternoon and Sunday evening. Royal Dutch Shell Plc shut in production at four Gulf of Mexico offshore platforms and was evacuating all workers from those locations because of the threat from Tropical Storm Ida. The 150,000 bpd of oil equivalent Ursa platform, 60,000 bpd of oil equivalent Mars platform, the 100,000 bpd of oil equivalent Olympus platform and the Appomattox platform were shut in and all workers were flown back on shore. Production has also been shut in at the Stones oil and natural gas project in the ultra-deep Gulf of Mexico as the 50,000 bpd floating production system Turrillita is preparing to disconnect and move out of Ida's forecast path. It also shut in production at its Auger and Enchilada/Sala facilities in the Gulf of Mexico. It said non-essential personnel continue to be moved from all eight of its Gulf of Mexico assets. BP has shut in its 200,000 bpd Atlantis platform, its 100,000 bpd Mad Dog platform, its 130,000 bpd Na Kika platform and its 250,000 bpd Thunder Horse platform. Equinor has shut its 2,000 bpd of oil equivalent Titan platform and BHP shut its 100,000 bpd and 50 mmcf/d Shenzi platform. Chevron Corp is also shutting in production at its Gulf of Mexico platforms and is evacuating all associated personnel from the platforms.

Baker Hughes reported that U.S. energy firms this week added oil and natural gas rigs for a fourth consecutive week, resulting in the 13th monthly increase. The combined oil and gas rig count increased by five in the week ending August 27th to 508, its highest since April 2020. U.S. oil rigs increased by five to 410 this week, their highest since April 2020, while gas rigs were unchanged at 97.

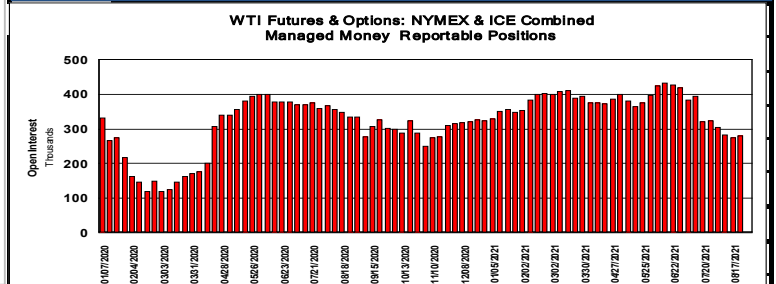
Early Market Call - as of 9:40 AM EDT

WTI - Oct \$68.36, down 36 cents
 RBOB - Sep \$2.2900, up 1.58 cents
 HO - Sep \$2.1022, down 70 points

All NYMEX | Prior Settlements

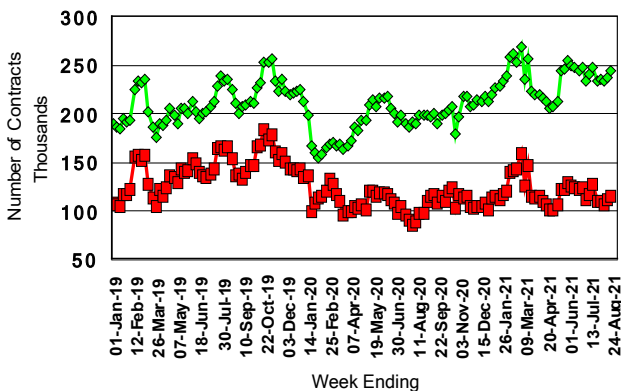
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	\$2.1092	\$0.0260	\$0.2010
Oct-21	\$2.1070	\$0.0259	\$0.1970
Nov-21	\$2.1031	\$0.0259	\$0.1934
Dec-21	\$2.0987	\$0.0262	\$0.1915
Jan-22	\$2.0937	\$0.0267	\$0.1895
Feb-22	\$2.0852	\$0.0268	\$0.1879
Mar-22	\$2.0734	\$0.0270	\$0.1859
Apr-22	\$2.0559	\$0.0269	\$0.1823
May-22	\$2.0434	\$0.0262	\$0.1782
Jun-22	\$2.0345	\$0.0253	\$0.1749
Jul-22	\$2.0326	\$0.0247	\$0.1720
Aug-22	\$2.0317	\$0.0242	\$0.1699
Sep-22	\$2.0318	\$0.0239	\$0.1700
Oct-22	\$2.0328	\$0.0238	\$0.1669
Nov-22	\$2.0331	\$0.0238	\$0.1657
Dec-22	\$2.0321	\$0.0237	\$0.1644
Jan-23	\$2.0315	\$0.0235	\$0.1633

Sprague HeatCurve October 2021-April 2022		\$2.0885
	Close	Change
Crude - WTI	\$68.7400	\$1.3200
Crude - Brent	\$72.7000	\$1.6300
Natural Gas	\$4.3700	\$0.1860
Gasoline	\$2.2742	\$0.0188



Commitment of Traders Report for the Week Ending August 24, 2021

Producer/Merchant Heat Positons
 CFTC Commitment of Traders Report



Managed Money Heat Positons
 CFTC Commitment of Traders Report

