

Market Commentary

Recap: Oil futures rebounded after selling off early in the session on Thursday, as it appears to be trying to recover and resume its upside move. In WTI, the \$80 area once again proved itself as a key level of support. Trading was quite volatile with prices finishing mixed on the day. The December WTI rose 15 cents, or 0.2%, to settle at \$82.81 a barrel, while December Brent fell 26 cents, or 0.3%, to end the session at \$84.32 a barrel. The more actively traded January Brent declined by 21 cents, or almost 0.3%, to settle at 483.66 a barrel. On its next to last day of trading, the November heating oil contract experienced a wild move to the upside in what appeared to be market on close buying. This spot contract was trading at \$2.4958 just prior to the close and quickly spiked to \$2.5459 before finishing a \$2.4920, which was the low for that minute. This spot contract settled at \$2.517 a gallon, nearly flat on the day. November RBOB shed 0.6%, to \$2.435 a gallon.

Technical Analysis: After rallying since the middle of September, oil markets may very well be entering a period of consolidation after traders lightened up on length. During the past 24 hours there have been several developments affecting the price of oil. Among these developments are Iran and the EU agreeing to restart nuclear talks, which could lead to an increase in supply. The EIA showing a larger than expected increase in U.S. crude oil stockpiles however, the continued drop in stockpiles held at Cushing, OK raised concerns of supplies at the WTI delivery hub. Gas prices fell after Putin promised to increase gas supplies, perhaps in response to Germany's Economy Ministry saying Nord Stream 2 certification would not pose a risk to EU's security of supply. Plummeting coal prices in China led the government to step up its efforts to secure power supplies by considering price limits with a call on miners to increase production. For these reasons, combined with an expected increase in demand, we have tides working against each other and therefore think we will move sideways for a bit. Support remains at \$80 and below that at \$75, with resistance coming in at \$85 and \$87.95.

Fundamental News: OPEC and its allies appear set to reaffirm plans to increase crude production by 400,000 bpd in December. The OPEC+ Joint Technical Committee met on Thursday in preparation for the November 4th meeting to review the course of action for December, where output is expected to increase by 400,000 bpd. A week ahead of the next OPEC+ meeting, OPEC and its allies were presented with a tighter outlook for the global oil market this quarter. According to a person familiar with figures evaluated by the OPEC+ Joint Technical Committee, world oil inventories will fall by an average of 1.1 million bpd in the fourth quarter, compared with a forecast reduction of 670,000 bpd when the panel met last month.

Amos Hochstein, senior adviser for energy security at the U.S. Department of State, called on global oil and gas producers to increase their output if they can to help ease supply tightness. ANZ sees crude oil inventories being drawn down by 1.6 million bpd in the first quarter of 2022, which should keep upward pressure on oil prices over the coming months.

Negotiators for Exxon Mobil Corp and the United Steelworkers union met on Wednesday for a second day without coming to an agreement to end a six-month lockout of hundreds of workers at the company's 369,000 bpd Beaumont, Texas, refinery. All 585 workers represented by USW 13-243 are scheduled to vote between November 12th and December 22nd on removing the union from the refinery in a decertification election to be overseen by the U.S. National Labor Relations Board. Exxon has stated that the lockout will end when the contract is ratified or a decertification vote removes USW 13-243 from the refinery.

Early Market Call - as of 8:20 AM EDT

WTI - Dec \$82.23, down 58 cents

RBOB - Nov \$2.4396, down 3 points

HO - Nov \$2.4830, down 3.59 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	\$2.5165	\$0.0017	-\$0.0326
Dec-21	\$2.4848	-\$0.0214	-\$0.0559
Jan-22	\$2.4698	-\$0.0221	-\$0.0583
Feb-22	\$2.4466	-\$0.0223	-\$0.0613
Mar-22	\$2.4167	-\$0.0221	-\$0.0638
Apr-22	\$2.3814	-\$0.0214	-\$0.0650
May-22	\$2.3566	-\$0.0205	-\$0.0649
Jun-22	\$2.3394	-\$0.0192	-\$0.0642
Jul-22	\$2.3289	-\$0.0183	-\$0.0630
Aug-22	\$2.3209	-\$0.0168	-\$0.0607
Sep-22	\$2.3162	-\$0.0153	-\$0.0654
Oct-22	\$2.3127	-\$0.0141	-\$0.0551
Nov-22	\$2.3098	-\$0.0129	-\$0.0519
Dec-22	\$2.3062	-\$0.0121	-\$0.0489
Jan-23	\$2.3011	-\$0.0112	-\$0.0468
Feb-23	\$2.2884	-\$0.0106	-\$0.0453
Mar-23	\$2.2702	-\$0.0103	-\$0.0440

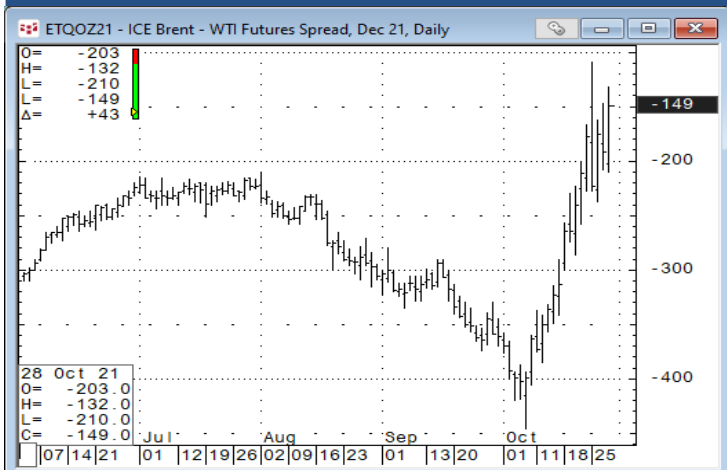
Settlements

		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$1.51	\$82.8100	\$0.1500
Crude - Brent		\$84.3200	-\$0.2600
Natural Gas		\$5.7820	-\$0.4160
Gasoline		\$2.4350	-\$0.0147

EIA Working Gas Storage Report

	21-Oct-21	15-Oct-21	Change	22-Oct-20
East	885	862	23	938
Midwest	1,052	1,027	25	1,116
Mountain	212	211	1	245
Pacific	255	253	2	323
South Central	1,144	1,108	36	1,329
Salt	304	283	21	360
Nonsalt	840	825	15	968
Total	3,548	3,461	87	3,951

ICE December Brent-WTI



WTI Continuation

