

## Market Commentary

**Recap:** Trade in the oil markets was volatile on Thursday, with prices initially trading below unchanged, then reversing to the upside following reports that China was prepared to buy more oil to meet growing demand. Oil prices tacked on as much as 1.6% before erasing most of their gains to finish with little changed. The expiration of petroleum products and November Brent helped spike volatility. November WTI added 20 cents, or .027%, to settle at \$75.03, while November Brent expired at 478.52 a barrel, down 12 cents, or 0.15%. October RBOB settled at \$2.2536 a gallon, up .0243 cents, while the more actively traded November contract added .0190 cents, to settle at \$2.1940 per gallon. October heating oil added 0.342 cents per gallon to settle at \$2.3417, while November, the new spot contract, tacked on .0338 per gallon to settle at \$2.3385.

**Technical Analysis:** Showing signs of strength, oil futures rebounded from Thursday's sell-off, with crude oil being one of the strongest markets. Oil prices remain quite bullish, even though they experienced an early session run to the downside. Based on this, we would look for buyers on dips. WTI is close to having a "double top" up around \$76.98, the high from July. This is the level we would look for traders to push this market above and beyond, with \$80 in their sights. Support is being provided by the 10-day moving average, currently set a \$73.19, with additional support down around \$70.

**Fundamental News:** The European Union's foreign policy chief, Josep Borrell, said he believes nuclear talks with Iran will resume within an acceptable period of time.

Oil prices will see modest gains for the rest of the year and into 2022 as consumption resumes its recovery to pre-pandemic levels, with a likely COVID-19 resurgence still looming over the outlook. A Reuters survey of 39 participants forecast Brent would average \$68.87/barrel in 2021, up from the \$68.02/barrel forecast in August, when the Delta variant's spread prompted the first downward revision in the 2021 outlook in about nine months. The poll forecast U.S. crude to average \$66.13/barrel in 2021 versus \$65.63/barrel last month.

The EIA reported that U.S. crude oil production in July increased by 31,000 bpd to 11.307 million bpd from 11.276 million bpd in June. Total refined oil product exports increased to 3.093 million bpd in July from 2.987 million bpd in June. U.S. gasoline exports in July fell to 843,000 bpd from 868,000 bpd in June, while distillate exports in July increased to 1.296 million bpd from 1.251 million bpd in June. Total U.S. oil demand in July increased by 8.6% or 1.571 million bpd on the year to 19.894 million bpd. The EIA also reported that U.S. gasoline demand in July increased by 10.1% or 855,000 bpd on the year to 9.313 million bpd and distillate demand in July increased by 1.3% or 48,000 bpd on the year to 3.658 million bpd.

According to a Reuters survey, OPEC's oil output increased in September to its highest since April 2020, as Nigerian output recovered from involuntary losses and Saudi Arabia further eased supply curbs under a pact with its allies. OPEC produced 27.31 million bpd, up 420,000 bpd from August's revised estimate.

OPEC+ is considering going beyond its existing deal to increase production by 400,000 bpd when it meets on Monday. OPEC+ agreed in July to increase output by 400,000 bpd a month to phase out 5.8 million bpd in cuts. Four OPEC+ sources said adding more oil was being looked at as a scenario, but none gave details on volumes or which month. Another OPEC+ source suggested an increase of 800,000 bpd for one month was a possible scenario, with zero the next month. On Wednesday, sources stated that the most likely outcome was the group could proceed with the existing plan.

**Early Market Call - as of 8:25 AM EDT**

WTI - Nov \$74.54, down 49 cents

RBOB - Nov \$2.2023, up 79 points

HO - Nov \$2.3311, down 70 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	\$2.3417	\$0.0342	\$0.0926
Nov-21	\$2.3385	\$0.0338	\$0.0921
Dec-21	\$2.3319	\$0.0325	\$0.0920
Jan-22	\$2.3220	\$0.0315	\$0.0923
Feb-22	\$2.3053	\$0.0301	\$0.0924
Mar-22	\$2.2833	\$0.0282	\$0.0924
Apr-22	\$2.2590	\$0.0262	\$0.0912
May-22	\$2.2420	\$0.0242	\$0.0898
Jun-22	\$2.2286	\$0.0228	\$0.0882
Jul-22	\$2.2220	\$0.0216	\$0.0879
Aug-22	\$2.2172	\$0.0202	\$0.0878
Sep-22	\$2.2140	\$0.0191	\$0.0846
Oct-22	\$2.2116	\$0.0178	\$0.0876
Nov-22	\$2.2083	\$0.0169	\$0.0872
Dec-22	\$2.2035	\$0.0159	\$0.0870
Jan-23	\$2.1987	\$0.0153	\$0.0869
Feb-23	\$2.1885	\$0.0147	\$0.0864

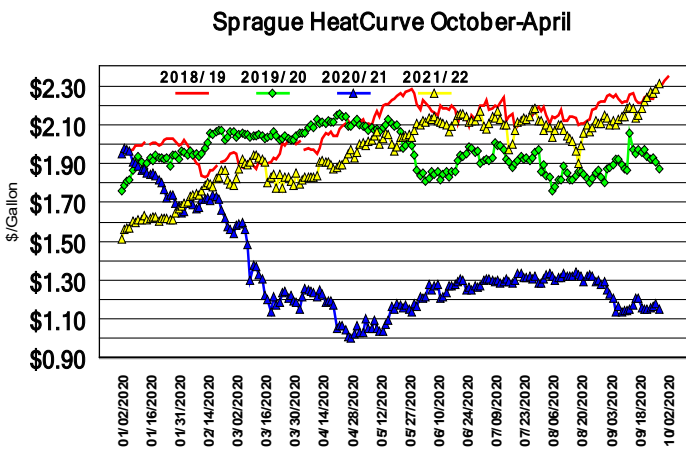
Sprague HeatCurve October 2021-April 2022			\$2.3124
		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.49	\$75.0300	\$0.2000
Crude - Brent		\$78.5200	-\$0.1200
Natural Gas		\$5.8670	\$0.3900
Gasoline		\$2.2536	\$0.0243

## EIA Working Gas Storage Report

24-Sep-21 17-Sep-21 Change 24-Sep-20

East	77975128869
Midwest	934904301,030
Mountain	2011965230
Pacific	2432403315
South Central	1,013990231,301
Salt	23922811357
Nonsalt	77476212943
Total	3,1703,082883,745

## Sprague Heat Curve October-April



## ICE December Brent-WTI Spread

