

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures pulled back on Wednesday on expectations that demand growth will slip as inflation and supply chain issues strain major economies. However, swelling power generation prices limited losses. Weighing on prices, China, the world's biggest crude importer, released data showing September imports fell 15% from a year earlier. China, along with Europe and India, remains mired in coal and natural gas shortages that have pushed up prices for the fuels burned for electricity generation and are leading to oil products being used as a substitute. November WTI settled at \$80.44 a barrel, down 20 cents, or 0.25%, while December WTI fell 24 cents, or 0.29% to settle at \$83.18 a barrel.

Refinery margins for distillate fuels are expected to surge about 47% this winter due to low inventory levels and a jump in global demand, the U.S. Energy Information Administration said in its winter fuels outlook on Wednesday. For winter 2021–2022, EIA forecasts that distillate wholesale margins will average 44c/gal., which would be 14c/gal. higher than last winter and 5c/gal. higher than the previous five-winter average U.S. distillate production is expected to be higher this winter because of higher margins Refinery and blender production of distillate fuel this winter is forecast to average 4.6m b/d, which would be 6% more than last winter. November heating oil rose 0.4%, to 2.521 a gallon. RBOB for November delivery tacked on almost 1% to \$2.406 a gallon. Both marked fresh settlements at their highest since October 2014.

Market Outlook: Despite dipping below the upper trend line on the ascending channel that can be depicted on a daily spot continuation chart, November WTI settled above it. With moving oscillators set high in overbought territory, and the RSI having crossed to the downside, we would look for a push back below the aforementioned line and for spot WTI to test the 10-day moving average, which is currently set at \$78.48. Support below this level is set at \$75. Resistance rests at \$85.

Fundamental News: Sources stated that the White House has been speaking with U.S. oil and gas producers in recent days about helping to bring down rising fuel costs. A White House official said, without addressing whether it has been in touch with the industry, that "we are closely monitoring the cost of oil and the cost of gas Americans are paying at the pump. And we are using every tool at our disposal to address anti-competitive practices in U.S. and global energy markets to ensure reliable and stable energy markets".

In its Short Term Energy Outlook, the EIA increased its forecast for 2021 world oil demand growth by 90,000 bpd and now sees an increase of 5.05 million bpd on the year to 97.47 million bpd. It however cut its forecast for 2022 world oil demand growth by 150,000 bpd and now sees an increase of 3.48 million bpd on the year to 100.95 million barrels. The EIA reported that total world oil output is expected to increase by 1.67 million bpd to 95.86 million bpd in 2021 and increase by 5.46 million bpd to 101.32 million bpd in 2022. U.S. oil production in 2022 is expected to increase by 710,000 bpd to 11.73 million bpd, up from a previous estimated increase of 640,000 bpd. The EIA reported that U.S. petroleum demand is expected to increase by 1.48 million bpd in 2021, down from a previous estimated increase of 1.55 million bpd, while demand in 2022 is expected to increase by 760,000 bpd to 20.43 million bpd, down from a previous estimated increase of 890,000 bpd.

In its monthly report, OPEC cut its world oil demand forecast for 2021 while it maintained its 2022 view, but it said surging natural gas prices could increase demand for oil products as end users switch. OPEC now expects oil demand to grow by 5.82 million bpd, down from 5.96 million bpd in its previous forecast.

Russia's President, Vladimir Putin, said oil prices could reach \$100/barrel, adding that Russia and its partners in the OPEC+ producer group are seeking to stabilize the global market.

Early Market Call - as of 7:35 AM EDT

WTI - Nov \$81.36, up 92 cents
 RBOB - Nov \$2.4277, up 2.21 cents
 HO - Nov \$2.5457, up 2.42 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	\$2.5211	\$0.0111	\$0.0791
Dec-21	\$2.5112	\$0.0100	\$0.0766
Jan-22	\$2.4982	\$0.0101	\$0.0749
Feb-22	\$2.4799	\$0.0107	\$0.0744
Mar-22	\$2.4546	\$0.0111	\$0.0731
Apr-22	\$2.4241	\$0.0107	\$0.0701
May-22	\$2.4026	\$0.0105	\$0.0686
Jun-22	\$2.3873	\$0.0107	\$0.0695
Jul-22	\$2.3781	\$0.0107	\$0.0698
Aug-22	\$2.3700	\$0.0105	\$0.0691
Sep-22	\$2.3640	\$0.0103	\$0.0631
Oct-22	\$2.3589	\$0.0100	\$0.0674
Nov-22	\$2.3532	\$0.0099	\$0.0666
Dec-22	\$2.3469	\$0.0100	\$0.0660
Jan-23	\$2.3399	\$0.0098	\$0.0652
Feb-23	\$2.3259	\$0.0095	\$0.0636
Mar-23	\$2.3067	\$0.0093	\$0.0617

Settlements			
		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$3.36	\$79.8200	-\$0.1000
Crude - Brent		\$83.1800	-\$0.2400
Natural Gas		\$5.5900	\$0.0850
Gasoline		\$2.4055	\$0.0226

API Report for the Week Ending October 8, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 5.21 million barrels	Up 700,000 barrels
Cushing, OK Crude Stocks	Down 2.28 million barrels	
Gasoline Stocks	Down 4.58 million barrels	Down 100,000 barrels
Distillate Stocks	Down 2.71 million barrels	Down 900,000 barrels

WTI Continuation



ICE December Brent-WTI Spread

