

Market Commentary

Recap: Oil futures rose for the third straight session on Tuesday, as Nicholas weakened to a tropical storm and the IEA said demand would rebound in the remainder of the year. The Gulf region is recovering from Hurricane Ida, with more than 40% of its oil and gas output still shut in as of Monday, while Nicholas reaching land as a Category 1 hurricane on Monday evening. Royal Dutch Shell on Tuesday shut production at an offshore oil platform due to heavy winds from Nicholas. Vessel traffic at some energy hubs was halted due to difficult weather conditions. With the Houston area in a semi-flood, imports and exports to and from that area will remain hampered. The price gains also come amid worries over oil disruption in Libya. But as the dollar increased and concerns faded around Hurricane Nichols, the rally eased, with oil prices ending the session little changed. October WTI rose by a penny, to settle at \$70.46 a barrel, and November Brent added 9 cents, or 0.1%, to settle at \$73.60 a barrel. The RBOB crack spread, a rough measure of the profit from refining crude into fuel, rallied about 3% on the temporary outage of Colonial's Pipeline Co.'s gasoline pipeline. The company's diesel pipeline is still shut. October RBOB tacked on 0.5%, to settle at \$2.17 a gallon and October heating oil rose .01%, to \$2.16 a gallon.

Market Outlook: WTI rallied again, pulling further away from the downward trend line and the 50-day moving average. At this point, we expect oil to remain on its bullish run, but not without difficulty. The \$74 level continues to be our near term up side objective, with support set at \$69.57 and below that at \$68.31.

Fundamental News: The International Energy Agency said that after three months of declines in global oil demand, COVID-19 vaccine roll-outs are set to unleash demand for oil stymied by pandemic restrictions especially in Asia. It expects demand to rebound by 1.6 million bpd in October and continue to grow until the end of the year. The IEA forecast a robust rebound in the market from the fourth quarter of the year citing "strong pent-up demand and continued progress in vaccination programs". Still, the spread of the Delta variant of the virus in recent months caused the agency to trim its forecast for demand growth for the year overall by 105,000 bpd to 5.2 million bpd, while it raised its estimate for 2022 by 85,000 bpd to 3.2 million bpd. The IEA lowered its August and September demand forecast by nearly 600,000 bpd on China's and Southeast Asia's mobility curbs. It estimates that global demand fell for three consecutive months due to the COVID-19 resurgence in Asia. The market is expected to shift closer to balance starting in October if OPEC+ continues to unwind its output cuts. The IEA said unplanned outages especially from Hurricane Ida in the U.S. offset increases from OPEC+. It said Hurricane Ida shut in 1.7 million bpd oil at the end of August. World oil supply in August fell by 540,000 bpd on the month to 96.1 million bpd and is expected to hold steady in September. OPEC's crude oil production in August increased by 210,000 bpd to 26.89 million bpd, led by Saudi Arabia and Iraq. Total OPEC+ output fell by 150,000 bpd to 41.58 million bpd. The IEA said OECD industry stocks fell by 34.4 million barrels in July to 2.85 billion barrels. It added that by early 2022 supply will be high enough to allow oil stocks to be replenished. Houston Ship Channel vessel traffic was idled on Tuesday morning as ship pilots continued to suspend activity as Hurricane Nicholas moved through the area. The ports of Houston, Freeport, Galveston and Texas City were open with restrictions.

The Bureau of Safety and Environmental Enforcement said over 39% of the U.S. Gulf of Mexico's production of crude and natural gas remained shut on Tuesday following Hurricane Ida's passage through Louisiana and before another storm, Nicholas, reaches the state on Wednesday. It reported that about 720,000 barrels per day bpd of crude production and 1.075 bcf of gas were offline, while 39 production platforms continued to be evacuated.

Early Market Call - as of 8:20 AM EDT

WTI - Oct \$71.47, up \$1.01

RBOB - Oct \$2.2011, up 2.8 cents

HO - Oct \$2.1815, up 2.54 cents

All NYMEX | Prior Settlements

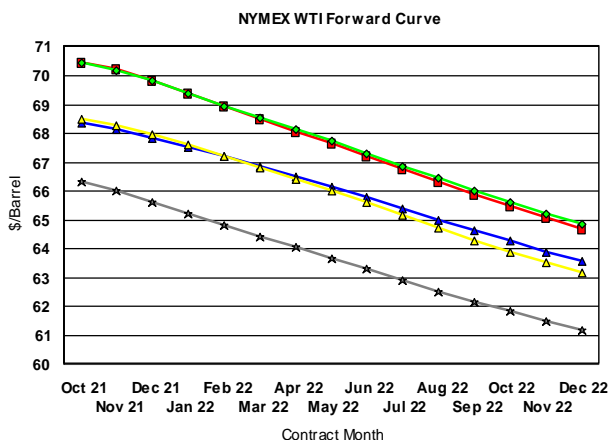
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	\$2.1613	\$0.0030	\$0.0249
Nov-21	\$2.1591	\$0.0025	\$0.0254
Dec-21	\$2.1553	\$0.0025	\$0.0254
Jan-22	\$2.1501	\$0.0027	\$0.0248
Feb-22	\$2.1408	\$0.0027	\$0.0234
Mar-22	\$2.1261	\$0.0028	\$0.0217
Apr-22	\$2.1075	\$0.0030	\$0.0209
May-22	\$2.0953	\$0.0033	\$0.0212
Jun-22	\$2.0856	\$0.0033	\$0.0214
Jul-22	\$2.0826	\$0.0031	\$0.0210
Aug-22	\$2.0814	\$0.0030	\$0.0205
Sep-22	\$2.0815	\$0.0031	\$0.0206
Oct-22	\$2.0823	\$0.0031	\$0.0202
Nov-22	\$2.0825	\$0.0032	\$0.0205
Dec-22	\$2.0815	\$0.0034	\$0.0211
Jan-23	\$2.0804	\$0.0035	\$0.0211
Feb-23	\$2.0738	\$0.0035	\$0.0207

Sprague HeatCurve October 2021-April 2022			\$2.1436
		Close	Change
Crude - WTI	Oct Brent- WTI Spread \$3.37	\$70.2300	\$0.0400
Crude - Brent		\$73.6000	\$0.0900
Natural Gas		\$5.2600	\$0.0290
Gasoline		\$2.1724	\$0.0115

API Report for the Week Ending September 10, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 5.44 million barrels	Down 3.5 million bbls
Cushing, OK Crude Stocks	Down 1.35 million barrels	
Gasoline Stocks	Down 2.76 million barrels	Down 2 million barrels
Distillate Stocks	Down 2.89 million barrels	Down 1.6 million barrels

WTI Forward Curve



GOF Shut in Oil Output

