

## Market Commentary

**Recap:** Oil futures rose more than \$1 per barrel on Thursday, rebounding on optimism about the pace of the global economic recovery in spite of the coronavirus pandemic, as well as a sharp decline in U.S. crude oil inventories. Prices moved higher despite OPEC+'s decision to leave their agreement to gradually increase output in place. October WTI added \$1.94, or 2.8%, to settle at \$70.53 a barrel, while Brent for November delivery settled at \$73.40 a barrel, up \$1.81, or 2.5%. Petroleum products were also higher, with October RBOB adding 2.7%, to \$2.17 a gallon and October heating oil rose 2.2% to \$2.18 a gallon.

**Technical Analysis:** Crude oil prices appear to have fallen into a bit of a holding pattern, as OPEC+ agreed to maintain its policy of gradually increasing output by 400,000 barrels each month from August. With crude prices mostly recovered from their mid-August slump and the supply outlook relatively tight for the rest of the year, the group has little reason to change the established schedule of gradual monthly supply hikes. While oil prices are trailing equities, moves to the downside could be limited, as confidence in the global economy appears to be increasing, despite heightened pandemic concerns. At this point, we would look for WTI to work toward the \$74 level, with support set around \$69.

**Fundamental News:** U.S. President, Joe Biden, said he has directed the Department of Energy to use all tools, including the Strategic Petroleum Reserve, to keep gas flowing in the aftermath of Hurricane Ida. He said the EPA will issue waivers to allow gasoline to continue to be sold.

The White House said it was glad that OPEC and its allies had decided to continue gradual increases in oil production and pledged to press them to do more to support economic recovery.

U.S. oil and gas companies strained to get offshore operations back up and running on Thursday as the extent of Hurricane Ida's damages became more apparent. About 80% of the Gulf of Mexico's oil and gas output remained offline in hundreds of platforms and rigs as energy firms struggled to complete aerial surveys and return workers because of damages to onshore terminals and base sites. According to the U.S. Bureau of Safety and Environmental Enforcement, 39 of the 288 platforms evacuated last week had received new crews by Wednesday. Some pipeline and oil processing facilities were able to resume operations. However, most were hampered by power outages, lack of supplies and damages caused by the powerful winds. Port Fourchon was left without power. The Louisiana Offshore Oil Port, Port of Houma and Port Fourchon in Louisiana remains shut following Hurricane Ida. More than two dozen oil tankers scheduled to discharge imported crude for Louisiana refineries or load oil for exports anticipate delays, according to tanker tracking data and shipping sources. Seven oil refiners that produce gasoline and other motor fuels could be out of operation for up to four weeks due to a lack of power and water.

The Bureau of Safety and Environmental Enforcement said over 1.7 million bpd or 93.55% of offshore oil output and 2.04 bcf/d or 91.29% of natural gas production in the U.S. Gulf of Mexico remained shut on Thursday, four days after Hurricane Ida hit Louisiana.

**Early Market Call - as of 8:15 AM EDT**

WTI - Oct \$70.34, up 33 cents  
 RBOB - Oct \$2.1873, up 2.34 cents  
 HO - Oct \$2.1812, up 1.38 cents

## All NYMEX | Prior Settlements

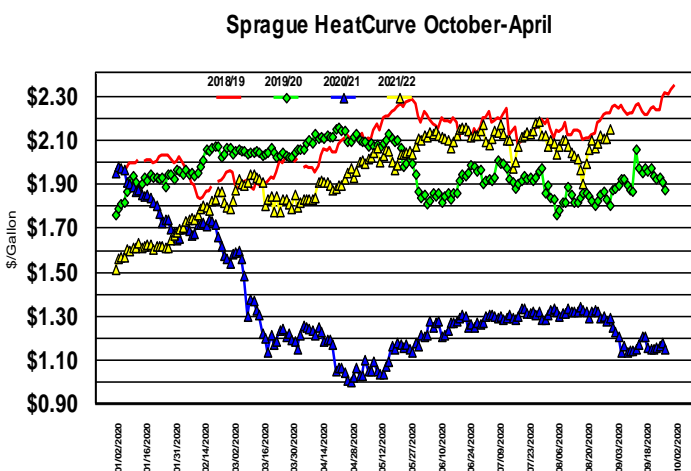
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	\$2.1677	\$0.0388	\$0.0866
Nov-21	\$2.1629	\$0.0389	\$0.0857
Dec-21	\$2.1575	\$0.0390	\$0.0850
Jan-22	\$2.1521	\$0.0384	\$0.0851
Feb-22	\$2.1433	\$0.0377	\$0.0849
Mar-22	\$2.1298	\$0.0367	\$0.0834
Apr-22	\$2.1109	\$0.0358	\$0.0819
May-22	\$2.0974	\$0.0347	\$0.0802
Jun-22	\$2.0875	\$0.0335	\$0.0783
Jul-22	\$2.0850	\$0.0327	\$0.0771
Aug-22	\$2.0840	\$0.0322	\$0.0765
Sep-22	\$2.0839	\$0.0319	\$0.0764
Oct-22	\$2.0846	\$0.0316	\$0.0756
Nov-22	\$2.0843	\$0.0310	\$0.0750
Dec-22	\$2.0826	\$0.0304	\$0.0742
Jan-23	\$2.0813	\$0.0299	\$0.0733
Feb-23	\$2.0746	\$0.0296	\$0.0720

Sprague HeatCurve October 2021-April 2022		\$2.1467
	Close	Change
Crude - WTI	\$69.7300	\$1.4100
Crude - Brent	\$73.0300	\$1.4400
Natural Gas	\$4.6410	\$0.0260
Gasoline	\$2.1635	\$0.0526

## EIA Working Gas Storage Report

	27-Aug-21	20-Aug-21	Change	27-Aug-2020
East	678	661	17	787
Midwest	812	790	22	921
Mountain	190	188	2	212
Pacific	243	241	2	304
South Central	948	970	-22	1,225
Salt	214	229	-15	331
Nonsalt	734	742	-8	894
Total	2,871	2,851	20	3,450

## Sprague HeatCurve October-April



## ICE November Brent-WTI Spread

