

Market Commentary

All NYMEX | Prior Settlements

Recap: WTI rose above \$70 a barrel on Monday, for the first time since early August, as almost half of the production in the Gulf of Mexico remains shut in following Hurricane Ida that spilled through the region just two weeks ago. This combined with OPEC raising its 2022 estimate for demand growth, pushed COVID fears to the sidelines. In its monthly oil market report, OPEC raised its 2022 demand forecast even as it trimmed its estimate for 2021 world oil demand by 110,000 bpd as it warned the spread of the Covid-19 delta variant "is clouding oil demand prospects going into the final quarter of the year, resulting in downward adjustments to 4Q21 estimates". U.S. oil supply remains constrained by the slow recovery of producing platforms in the Gulf of Mexico following Ida. However more than half of production shut in ahead of the late-June storm has been restored, with the Bureau of Safety and Environmental Enforcement on Sunday saying 793,522 bpd of production is still off line, 43.6% of the region's total. October WTI settled at \$70.45 a barrel, up 73 cents, while November Brent added 59 cents, to settle at \$73.51 a barrel. Petroleum products also gained, with October RBOB gaining 0.69 cent per gallon, or 0.32%, to \$2.1609. October heating oil ended up .0123 cent per gallon, at \$2.1583.

Technical Analysis: October WTI broke above the downward trend line drawn off of the highs of July, as it pulled away from the 50-day moving average. Now that we have broken above \$70, we would look for prices to continue higher, pushing toward \$74. Should we trade back below the aforementioned trend line, we would view the break to the upside as a false breakout. Support is seen at \$69.49 through \$69.09 and below that at \$68.31.

Fundamental News: U.S. Department of Energy has awarded contracts to eight companies for crude oil from a previously announced Strategic Petroleum Reserve sale of up to 20 million barrels. Deliveries of the oil are expected from October 1st to December 15th.

OPEC cut its world oil demand forecast for the last quarter of 2021 due to the Delta coronavirus variant, saying a further recovery would be partially delayed until next year when consumption will exceed pre-pandemic rates. In its monthly report, OPEC said it expects oil demand to average 99.70 million bpd in the fourth quarter of 2021, down 110,000 bpd from last month's forecast. OPEC said that despite the downward revision to the fourth-quarter, world oil demand in the whole of 2021 would increase by 5.96 million bpd, virtually unchanged from last month to 96.7 million bpd. The growth forecast for 2022 was adjusted to 4.15 million bpd, compared to 3.28 million bpd in last month's report and an estimate of 4.2 million bpd given by OPEC sources during the group's last meeting on September 1st. OPEC sees world oil demand averaging 100.8 million bpd in 2022, exceeding pre-pandemic levels. It raised its 2022 forecast for global demand for its crude by 1.1 million bpd to 28.75 million bpd. OPEC said its output in August increased by 150,000 bpd to 26.76 million bpd. OPEC cut its forecast for non-OPEC supply growth in 2021 by about 170,000 bpd due to Hurricane Ida but maintained its forecast for non-OPEC supply next year, increasing by 2.9 million bpd to 66.8 million bpd.

The U.S. Coast Guard is warning that hurricane force winds could hit the Port of Corpus Christi as Tropical Storm Nicolas makes its way to the Texas coast. Texas ports in Houston, Galveston, Freeport, Texas City and Corpus Christi were closed for inbound ship movements.

The Bureau of Safety and Environmental Enforcement said over 40% of the U.S. Gulf of Mexico's production of crude and natural gas remained shut on Monday two weeks after Hurricane Ida made landfall in Louisiana. About 794,000 bpd of crude production and 1.15 bcf/d of gas were offline, while 47 production platforms remained evacuated.

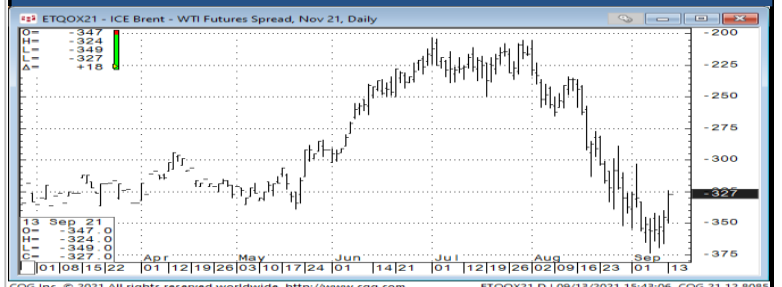
Early Market Call - as of 8:40 AM EDT

WTI - Oct \$70.93, up 49 cents
 RBOB - Oct \$2.1731, up 1.23 cents
 HO - Oct \$2.1702, up 1.19 cents

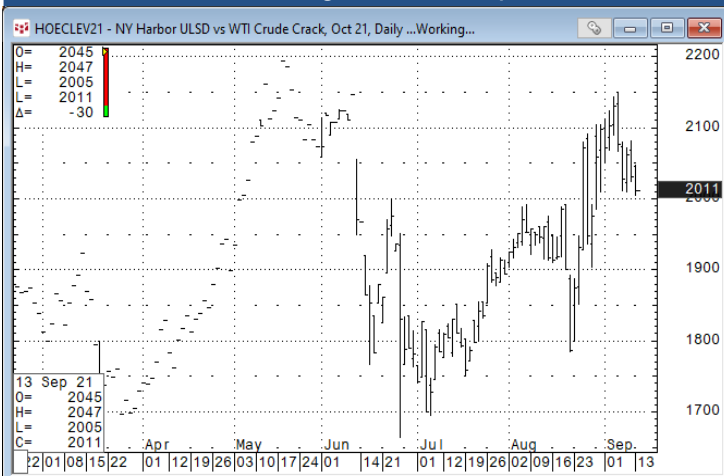
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	\$2.1583	\$0.0123	-\$0.0011
Nov-21	\$2.1566	\$0.0130	\$0.0028
Dec-21	\$2.1528	\$0.0132	\$0.0049
Jan-22	\$2.1474	\$0.0130	\$0.0053
Feb-22	\$2.1381	\$0.0124	\$0.0045
Mar-22	\$2.1233	\$0.0119	\$0.0028
Apr-22	\$2.1045	\$0.0114	\$0.0023
May-22	\$2.0920	\$0.0108	\$0.0026
Jun-22	\$2.0823	\$0.0099	\$0.0022
Jul-22	\$2.0795	\$0.0094	\$0.0019
Aug-22	\$2.0784	\$0.0090	\$0.0018
Sep-22	\$2.0784	\$0.0086	\$0.0018
Oct-22	\$2.0792	\$0.0083	\$0.0016
Nov-22	\$2.0793	\$0.0081	\$0.0019
Dec-22	\$2.0781	\$0.0080	\$0.0026
Jan-23	\$2.0769	\$0.0077	\$0.0026
Feb-23	\$2.0703	\$0.0075	\$0.0025

Sprague HeatCurve October 2021-April 2022		\$2.1409
	Close	Change
Crude - WTI	\$70.1900	\$0.7200
Crude - Brent	\$73.5100	\$0.5900
Natural Gas	\$5.2310	\$0.2930
Gasoline	\$2.1609	\$0.0069

ICE November Brent-WTI Spread



October Heating Oil Crack Spread



October RBOB Crack Spread

