

Market Commentary

Recap: Oil futures rebounded on Tuesday as the market focused on tight U.S. supplies despite concerns over the economic health of China. The gains came as U.S. supply remains hampered after the U.S. Gulf Coast was hit by back to back hurricanes. As of Monday, The Bureau of Safety and Environmental Enforcement said 320,909 barrels per day of gulf output, 16.6% of normal volumes, remains offline, while Royal Dutch Shell on Monday warned that it does not expect its production from the region to recover prior to year-end. Also support prices were expectations for weekly drop in U.S. crude oil inventories. October WTI added 27 cents, or 0.4%, to finish at \$70.56 a barrel, while the new spot November contract gained 35 cents, or 0.5%, to settle at \$70.49 a barrel. November Brent climbed 44 cents, or 0.6%, to settle at \$74.36 a barrel. October RBOB shed 0.5% to \$2.105 a gallon, while October heating oil added 0.7% to \$2.174 a gallon.

Market Outlook: With oil prices appearing to stabilize, we continue to look for further upside movement after a few days of down moves. WTI has found support down around the 50-day moving average. We would look for buying to come in down around this average, which is currently set at \$69.34. With U.S. supplies expected to tighten further, we continue to look for a run at \$74. To the downside support is set below the 50-day moving average at \$68.50. Above \$74, resistance is seen at the psychological level of \$75.

Fundamental News: The IEA forecast that global demand for crude oil will rebound in October by as much as an additional 1.6 million bpd and continue till the end of 2021 on the back of declining Covid-19 cases. In its oil market report, the IEA noted that world oil supply in August fell by 540,000 bpd on the month to 96.1 million bpd but is expected to hold steady in September as unplanned outages offset increases from OPEC+. It added that Hurricane Ida shut in 1.7 million bpd of oil output along the U.S. Gulf Coast at the end of August, with potential supply losses from the storm, stressing that supply should resume in October as OPEC+ continues to unwind its cuts, outages are resolved and as other producers increase. It stated that with nearly 900,000 bpd of crude output and 700,000 bpd of refinery capacity offline, large draws are expected to continue through September.

Russia believes global oil demand may not recover to its level of 2019, before the pandemic, as the energy balance shifts.

Euroilstock reported that European refiners produced 9.796 million bpd in August, up 3.6% on the month and by 5.4% on the year. European gasoline output in August increased by 1.6% on the month and up 3.7% on the year to 2.279 million bpd, while middle distillate output increased by 4.3% on the month and by 3% on the year to 4.88 million bpd and fuel oil output in August increased by 1.8% on the month and by 13.5% on the year to 864,000 bpd. European refinery crude intake in August increased by 1.6% on the month and by 5.7% on the year to 9.316 million bpd.

Two OPEC sources stated that OPEC+ compliance with oil production cuts increased to 116% in August from 109% in July.

The UAE's Energy Minister, Suhail al-Mazrouei, said OPEC and its allies should maintain their agreement to keep increasing crude production every month. He said the oil market is "in a very good position today". He did not comment on the current price of oil, saying that the goal of OPEC+ ministers is to keep equilibrium between supply and demand.

Early Market Call - as of 8:10 AM EDT

WTI - Nov \$71.37, up 88 cents
 RBOB - Oct \$2.1254, up 2.09 cents
 HO - Oct \$2.1995, up 2.57

All NYMEX | Prior Settlements

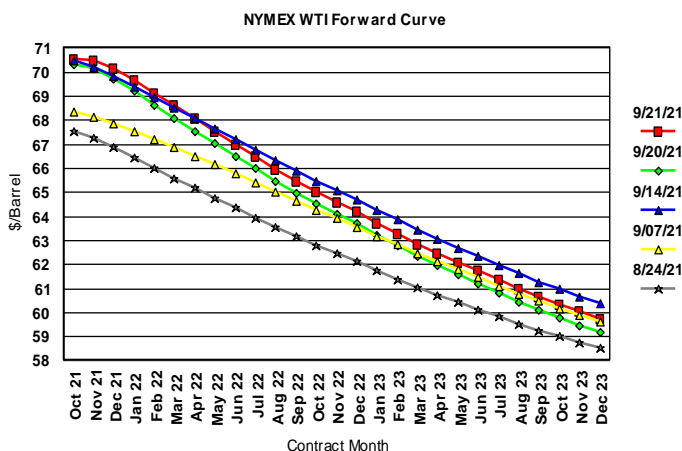
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	\$2.1738	\$0.0148	\$0.0125
Nov-21	\$2.1710	\$0.0149	\$0.0119
Dec-21	\$2.1651	\$0.0152	\$0.0098
Jan-22	\$2.1571	\$0.0152	\$0.0070
Feb-22	\$2.1437	\$0.0150	\$0.0029
Mar-22	\$2.1244	\$0.0144	-\$0.0017
Apr-22	\$2.1032	\$0.0141	-\$0.0043
May-22	\$2.0889	\$0.0135	-\$0.0064
Jun-22	\$2.0781	\$0.0126	-\$0.0075
Jul-22	\$2.0736	\$0.0120	-\$0.0090
Aug-22	\$2.0710	\$0.0115	-\$0.0104
Sep-22	\$2.0697	\$0.0110	-\$0.0117
Oct-22	\$2.0696	\$0.0106	-\$0.0127
Nov-22	\$2.0688	\$0.0103	-\$0.0137
Dec-22	\$2.0665	\$0.0098	-\$0.0150
Jan-23	\$2.0641	\$0.0094	-\$0.0163
Feb-23	\$2.0566	\$0.0094	-\$0.0172

Sprague HeatCurve October 2021-April 2022			\$2.1490
		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.87	\$70.4900	\$0.3500
Crude - Brent		\$74.3600	\$0.4400
Natural Gas		\$4.8050	-\$0.1800
Gasoline		\$2.1052	-\$0.0100

API Report for the Week Ending September 17, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Down 5.44 million barrels	Down 2.4 million bbls
Cushing, OK Crude Stocks	Down 1.35 million barrels	
Gasoline Stocks	Down 2.76 million barrels	Down 1.1 million barrels
Distillate Stocks	Down 2.89 million barrels	Down 1.2 million barrels
Refinery Runs		Up 2.4%

WTI Forward Curve



WTI Continuation

