

## Market Commentary

## All NYMEX | Prior Settlements

**Recap:** After bouncing around a bit on Thursday, oil futures turned to the downside after China's decision to open its strategic crude reserves, hinting that it would not hesitate to intervene in markets to lower domestic prices. Oil prices had briefly traded to the upside after the EIA released its U.S. inventory report, showing crude oil stockpiles fell 1.53 million barrels, less than the expected 4.75 million barrels. U.S. Gulf of Mexico production remains hobbled following the passage of Hurricane Ida last month. October WTI fell \$1.16, or 1.6%, to settle at \$68.14 a barrel. November Brent tumbled \$1.15, or 1.6%, to \$71.45 a barrel. October RBOB lost 3.24 cents, or 1.52%, to settle at \$2.0997 a gallon. October heating oil lost 1.1% to \$2.11 a gallon.

**Technical Analysis:** Despite the seemingly bullish fundamentals for crude oil, prices backtracked, as COVID fears continue to linger and after China's release from its strategic reserves. Once again, WTI failed at the 50-day moving average, which also corresponds with a downward trend line that can be drawn off of the highs of July. The failure of the October WTI contract to take out these two technical points sparked a profit taking sell-off by weak longs. With Thursday's session resulting in an outside trading day followed by a lower settlement, we would look for continued downside pressure. Support is seen down below at \$67.22, with a push below this level opening up the opportunity for a run at \$65.40. Resistance is set at \$68.80 and above that at \$69.80.

**Fundamental News:** The EIA reported that U.S. crude oil production in the week ending September 3<sup>rd</sup> fell by 1.5 million bpd to 10 million bpd, the lowest level since February. Gulf Coast commercial crude oil imports were disrupted by the hurricane, falling to 787,000 bpd last week, the lowest level since August 2020.

China's state reserves administration said it would, for the first time, release crude oil reserves to the market via public auction to ease price pressure on domestic refiners. The National Food and Strategic Reserves Administration said the release will better stabilize domestic market supply and demand and effectively guarantee the country's energy security.

Royal Dutch Shell Plc declared force majeure on a shipment of U.S. Mars crude from the Gulf of Mexico after offshore production and shipments were disrupted by Hurricane Ida.

Separately, Royal Dutch Shell Plc is beginning the redeployment of personnel to its Appomattox platform in the Gulf of Mexico while damage assessments are continuing at its West Delta-143 (WD-143) offshore facility after Hurricane Ida. Shell said the Appomattox, Mars, Olympus, Ursa, Auger, and Enchilada/Salsa facilities remain shut, reiterating that about 80% of Shell-operated production is offline. Shell's Norco plant in Louisiana was still without power. The company also said it had re-staffed Shell Pipeline's South Pass 89 asset and Green Canyon 19 asset on Tuesday, and Main Pass 69 asset on Wednesday, adding it is in works to finalize assessment of the platform and pipelines. Consultancy Energy Aspects last week estimated a production loss of 250,000 to 300,000 barrels per day of Shell's Mars medium sour crude, possibly for weeks.

Noble Corp said its Globetrotter II drill ship, which was damaged when it was hit by Hurricane Ida is now onshore undergoing repairs and further inspections.

Protesters entered Libya's Hariga oil terminal on Thursday and stopped a tanker, Mikela P., from loading, according to the port head and another official. On Wednesday, protesters also blocked exports at the ports of Ras Lanuf and Es Sider.

**Early Market Call - as of 8:25 AM EDT**

WTI - Oct \$69.29, up \$1.15

RBOB - Oct \$2.1370, up 3.66 cents

HO - Oct \$2.1426, up 2.88 cents

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	\$2.1137	-\$0.0227	-\$0.0540
Nov-21	\$2.1109	-\$0.0228	-\$0.0520
Dec-21	\$2.1069	-\$0.0230	-\$0.0506
Jan-22	\$2.1020	-\$0.0233	-\$0.0501
Feb-22	\$2.0937	-\$0.0237	-\$0.0496
Mar-22	\$2.0802	-\$0.0242	-\$0.0496
Apr-22	\$2.0627	-\$0.0239	-\$0.0482
May-22	\$2.0508	-\$0.0233	-\$0.0466
Jun-22	\$2.0415	-\$0.0227	-\$0.0460
Jul-22	\$2.0391	-\$0.0225	-\$0.0459
Aug-22	\$2.0384	-\$0.0225	-\$0.0456
Sep-22	\$2.0387	-\$0.0225	-\$0.0453
Oct-22	\$2.0396	-\$0.0225	-\$0.0450
Nov-22	\$2.0396	-\$0.0224	-\$0.0447
Dec-22	\$2.0383	-\$0.0221	-\$0.0443
Jan-23	\$2.0371	-\$0.0222	-\$0.0442
Feb-23	\$2.0310	-\$0.0221	-\$0.0436

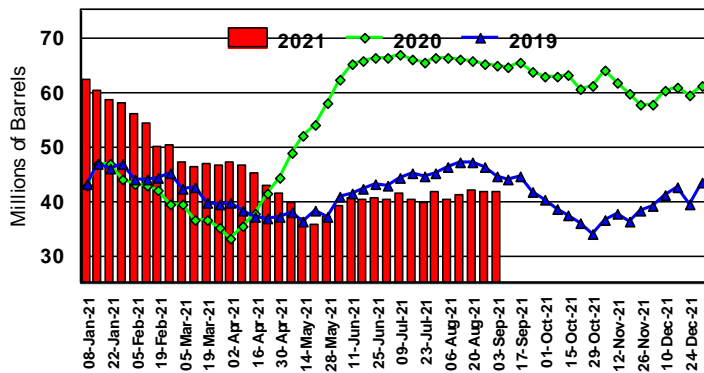
Sprague HeatCurve October 2021-April 2022			\$2.0963
		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.53	\$67.9200	-\$1.1300
Crude - Brent		\$71.4500	-\$1.1500
Natural Gas		\$5.0310	\$0.1170
Gasoline		\$2.0997	-\$0.0324

### EIA Working Gas Storage Report

	03-Sep-21	27-Aug-21	Change	03-Sep-20
East	703	678	25	803
Midwest	842	812	30	949
Mountain	191	190	1	215
Pacific	243	243	0	307
South Central	943	948	-5	1,240
Salt	208	214	-6	334
Nonsalt	735	734	1	906
Total	2,923	2,871	52	3,515

## Weekly EIA Petroleum Status Report for the Week Ending September 3, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 1.528 million barrels

Cushing, OK Crude Stocks Up 1.918 million barrels

**Gasoline Stocks** Down 7.215 million barrels

**Distillate Stocks** Down 3.141 million barrels

**Refinery % Operated** 81.9%, Down 9.4%

### PADD #1

Distillate Stocks (in million bbls)	Week Ending Sep 3, 2021	Week Ending Aug 27, 2021	Week Ending Sep 3, 2020
New England	7.5	7.1	12.7
Central Atlantic	22.6	20.5	38.4
Total PADD #1	41.8	41.8	64.7
Distillate Imports (thousands b/d)	105	282	137