

Market Commentary

Recap: Oil futures hit fresh three year highs on Friday, with Brent topping \$85 a barrel and WTI climbing back above the \$82 mark. Forecasts of supply deficits over the next few months as the easing of coronavirus restrictions sparked demand, with sky rocketing natural gas and coal prices fueled a switch to oil products. December Brent traded as high as \$85.10, a gain of 1.3%, while November WTI reached a high of \$82.49, for a gain of 1.4%. Strong stock markets on both side of the Atlantic, often traced by oil prices, also gave a boost. Analysts pointed to a sharp drop in OECD oil stockpiles to their lowest level since 2015. Demand has picked up with the recovery from the pandemic, with a further boost coming from industry turning away from expensive gas and coal to fuel oil and diesel for power. November WTI tacked on \$97 cents, or 1.19%, to settle at \$82.28 a barrel. This was a 3.5% gain on the week and the eighth consecutive weekly rise. December Brent added 86 cents, or 1.02%, to settle at \$84.86 a barrel. Front-month prices, which touched their highest level since October 2018 at \$85.10, hit a weekly rise of 3%, its sixth straight weekly gain. Petroleum products also gained, with November RBOB adding .0514 cents, to end the week at \$2.4864 a gallon, while November heating oil closed at \$2.5737 a gallon, up .0123 cents.

Technical Analysis: Money flowed into the energy markets during the course of the week, as the rising cost of energy enticed traders around the globe. Since breaking above \$80, WTI has gained upside momentum and settled above this level all week. We are holding steady with our belief that this market will reach the \$85, but would not discount some pullbacks, where we should see plenty of buyers. Above \$85, there is additional resistance set at \$86.25. To the downside, support is seen at \$81.05, \$80, and below that at \$75.73.

Fundamental News: The IEA warned that oil and natural gas prices increased to multi-year highs will likely stymie worldwide industrial activity.

The chief executive of Russian oil producer Gazprom Neft, Alexander Dyukov, said that global oil consumption could return to pre-crisis levels by next year. He said the global oil market will stabilize in the very near future.

According to BloombergNEF, the 19 countries participating in the OPEC+ production cut deal saw their overall compliance reach 115% in September, down from 116% in August. Participating OPEC+ members saw their crude oil output increase by 504,000 bpd on the month to 36.4 million bpd, while the production quota eased by 400,000 bpd to 37.1 million bpd.

Russia's Deputy Prime Minister, Alexander Novak, said Russia's crude oil production in October will total 9.8 million bpd.

IIR Energy reported that U.S. oil refiners are expected to shut in about two million bpd of capacity in the week ending October 15th, cutting available refining capacity by 487,000 bpd. Offline capacity is expected to fall to about 1.7 million bpd in the week ending October 22nd before declining further to around 1.6 million bpd the following week.

A senior EU official said Iran is not ready to return to talks with world powers over its nuclear program yet and its new negotiating team wants to discuss the texts that will be put forward when it meets with the EU in Brussels in the next few weeks.

U.S. energy firms this week added oil and natural gas rigs for a sixth consecutive week in a row. Baker Hughes reported that the oil and gas rig count increased 10 to 543 in the week ending October 15th, its highest since April 2020. U.S. oil rigs increased by 12 to 445 this week, their highest since April 2020, while gas rigs fell 1 to 98, their lowest since August. The increase in oil rigs was the biggest weekly build since April 2021.

Early Market Call - as of 8:50 AM EDT

WTI - Nov \$83.42, up \$1.15

RBOB - Nov \$2.5000, up 1.32 cents

HO - Nov \$2.5902, up 1.61 cents

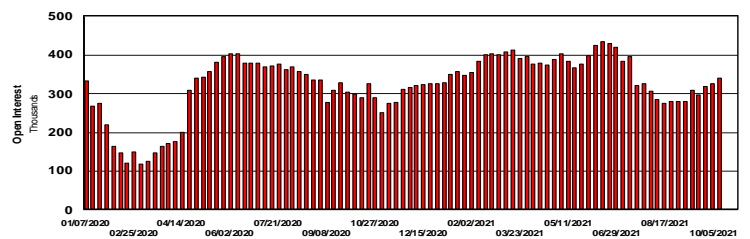
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	\$2.5737	\$0.0123	\$0.1000
Dec-21	\$2.5641	\$0.0143	\$0.0995
Jan-22	\$2.5505	\$0.0149	\$0.0995
Feb-22	\$2.5296	\$0.0139	\$0.0975
Mar-22	\$2.5007	\$0.0123	\$0.0933
Apr-22	\$2.4655	\$0.0101	\$0.0870
May-22	\$2.4398	\$0.0081	\$0.0819
Jun-22	\$2.4212	\$0.0070	\$0.0788
Jul-22	\$2.4097	\$0.0062	\$0.0764
Aug-22	\$2.3996	\$0.0054	\$0.0740
Sep-22	\$2.3924	\$0.0053	\$0.0668
Oct-22	\$2.3862	\$0.0050	\$0.0714
Nov-22	\$2.3801	\$0.0053	\$0.0712
Dec-22	\$2.3737	\$0.0055	\$0.0718
Jan-23	\$2.3661	\$0.0055	\$0.0712
Feb-23	\$2.3515	\$0.0055	\$0.0699
Mar-23	\$2.3314	\$0.0053	\$0.0682

Settlements

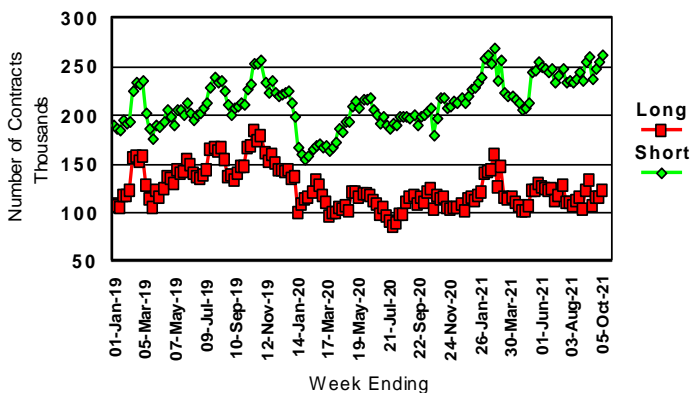
		Close	Change
Crude - WTI	Dec Brent-WTI Spread \$3.13	\$81.7300	\$0.9600
Crude - Brent		\$84.8600	\$0.8600
Natural Gas		\$5.4100	-\$0.2770
Gasoline		\$2.4864	\$0.0514

WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending October 12, 2021

Producer/Merchant Heat Positons
CFTC Commitment of Traders Report



Managed Money Heat Positons
CFTC Commitment of Traders Report

