

Market Commentary

Recap: Oil futures came under pressure on Wednesday following the release of the EIA report, which showed a 4.3 million barrel increase in U.S. crude oil inventories. Analysts were expecting a 2 million barrel build. This puts total stocks at 430.8 million barrels, which is approximately 6% below the five-year average for this time of year. Declines in oil prices were further deepened after Iran and the European Union agreed to restart negotiations on a revival of the 2015 nuclear accord before the end of next month, signaling a greater prospect of Iranian barrels coming back to the market. December WTI settled at \$82.66 a barrel, down \$1.99, or 2.4% but slipped to a fresh session low of \$82.12 in post settlement trading. December Brent peeled back \$2.23, or 2.9%, hitting a session low of \$84.17 a barrel after settling at \$84.58 a barrel, down \$1.82, or 2.1%. Petroleum products also slipped, with November RBOB losing 6.71 cents, or 2.6%, to \$2.4497 a gallon. This is the largest one day dollar and percentage decline since Wednesday, September 1, 2021.

Technical Analysis: For the first time since September 21, WTI settled below the 10-day moving average. This, in conjunction with moving oscillators crossed to the downside in overbought territory we should see more selling. At this point we would look for a move toward \$80, but expect to see buyers in the market. A trade below \$80 could push this market down toward \$75, with a move below that shifting market momentum to the downside. The \$85 level will most likely remain as a hurdle, as it is a key psychological number. Above this level, additional resistance is seen at \$87.95.

Fundamental News: The EIA reported that crude oil stocks held in Cushing, Oklahoma fell by 3.899 million barrels to 27.3 million barrels, the lowest level since October 2018. At this rate, it is only weeks away from reaching operational lows. Despite the fall in stocks at Cushing, the Gulf Coast's inventories increased to 247 million barrels on the week, partly due to a net increase in imports which reached its highest level since June. Meanwhile, U.S. gasoline inventories fell to 215.7 million barrels, the lowest level since November 2017. U.S. distillates stocks fell by 432,000 barrels to 125 million barrels, the lowest level since April 2020.

Genscape reported that crude oil inventories in the Amsterdam-Rotterdam-Antwerp region fell by 1.1 million barrels in the week ending October 22nd to 52.6 million barrels.

European diesel and gasoil imports from the U.S., Russia, the Baltics and East of Suez have increased to their highest monthly combined level since May 2020, with almost 5.6 million tons expected in October.

Iran said it agreed with the European Union to restart talks to revive the 2015 nuclear deal before the end of November. Iran's Deputy Foreign Minister, Ali Bagheri Kani, made the comments in a tweet after meeting top EU diplomat Enrique Mora in Brussels on Wednesday. He said the precise date for the negotiations would be announced in the next week.

Libya's National Oil Corp reported that a major leak in the pipeline running to Libya's Es Sider terminal has led to the pipeline being shut down and it will require 7-10 days of maintenance. The shutdown will cause a reduction of 200,000 bpd in Libyan oil shipments, blaming the leak on a lack of budget.

Shell declared force majeure on crude exports from its Bonny Light Oil Terminal in Nigeria after a pipeline halt. The measure was put in place on Monday evening following the shutdown of the Neme Creek Trunk Line by the operator of the line, Aiteo Exploration and Production.

Early Market Call - as of 8:25 AM EDT

WTI - Dec \$81.71, down 95 cents
 RBOB - Nov \$2.4200, down 2.86 cents
 HO - Nov \$2.4793, down 3.37 cents

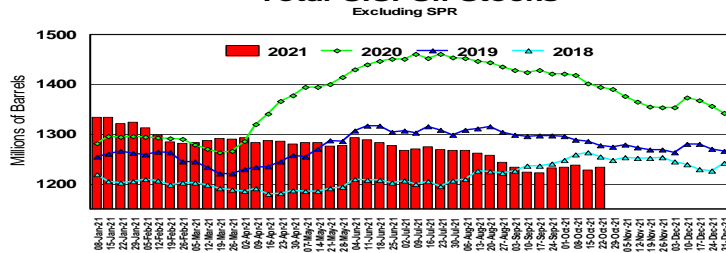
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	\$2.5148	-\$0.0625	-\$0.0775
Dec-21	\$2.5062	-\$0.0623	-\$0.0776
Jan-22	\$2.4919	-\$0.0615	-\$0.0784
Feb-22	\$2.4689	-\$0.0601	-\$0.0807
Mar-22	\$2.4388	-\$0.0583	-\$0.0832
Apr-22	\$2.4028	-\$0.0563	-\$0.0847
May-22	\$2.3771	-\$0.0540	-\$0.0853
Jun-22	\$2.3586	-\$0.0515	-\$0.0856
Jul-22	\$2.3472	-\$0.0493	-\$0.0848
Aug-22	\$2.3377	-\$0.0476	-\$0.0836
Sep-22	\$2.3315	-\$0.0461	-\$0.0898
Oct-22	\$2.3268	-\$0.0445	-\$0.0805
Nov-22	\$2.3227	-\$0.0429	-\$0.0787
Dec-22	\$2.3183	-\$0.0412	-\$0.0764
Jan-23	\$2.3123	-\$0.0399	-\$0.0751
Feb-23	\$2.2990	-\$0.0388	-\$0.0738
Mar-23	\$2.2805	-\$0.0379	-\$0.0725

Settlements

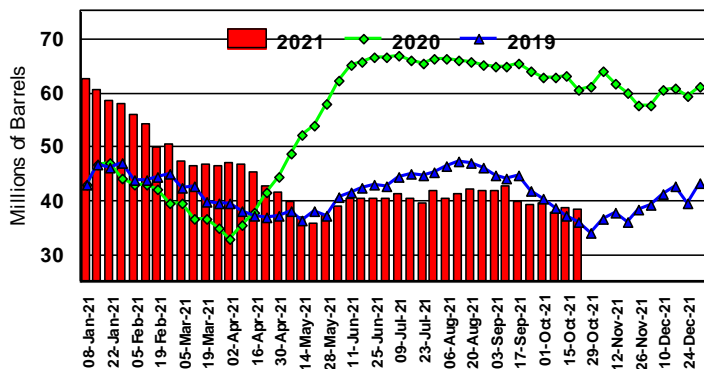
		Close	Change
Crude - WTI	Dec Brent-WTI Spread \$1.92	\$82.6600	-\$1.9900
Crude - Brent		\$84.5800	-\$1.8200
Natural Gas		\$6.2020	\$0.3200
Gasoline		\$2.4497	-\$0.0671

Total U.S. Oil Stocks



Weekly EIA Petroleum Status Report for the Week Ending October 22, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 4.268 million barrels
 Cushing, OK Crude Stocks Down 3.899 million barrels
Gasoline Stocks Down 1.993 million barrels
Distillate Stocks Down 432,000 barrels
Refinery % Operated 85.1%, Up 0.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Oct 22, 2021	Week Ending Oct 15, 2021	Week Ending Oct 23, 2020
New England	7.1	6.7	12.8
Central Atlantic	19.6	18.9	34.3
Total PADD #1	38.5	38.7	61.1
Distillate Imports (thousands b/d)	298	188	335