

Market Commentary

Recap: Oil futures reversed early gains on Tuesday after the Federal Reserve Bank of St. Louis said the central bank should speed up its reduction of monetary stimulus in response to a surge in U.S. inflation and after the IEA said that market tightness is starting to ease as production recovers in the U.S. and elsewhere. Early in the session oil futures had gained as much as 1.2%. Prior to the settlement period, oil found support after comments from U.S. House Majority Leader Steny Hoyer lowered expectations that the U.S. will tap the SPR to help lower gasoline prices. December WTI fell 12 cents, or nearly 0.2%, to settle at \$80.76 a barrel, while January Brent tacked on 38 cents, or 0.5%, to settle at \$82.43 a barrel. December RBOB added 0.9% to \$2.35 a gallon and December heating oil rose 1.4% to \$2.431 a gallon.

Market Outlook: With oil prices hitting a three-year high in October, global production, particularly in the U.S. has ramped up as producers look to take advantage of the rally. That being said, if prices get back up toward the \$85 level, producers will be tempted to further ramp up production and once again ease the price rally. Currently, both the main and minor trend of this market is pointing to the upside but they could be running out of steam. A trade below the 50-day moving average will shift the trend to the downside, with the potential of this market trading down toward \$75. A break above \$82.33 should trigger some fresh buying, as this will signal a continuation of the up move.

Fundamental News: Acting administrator of the U.S. EIA, Stephen Nalley, said the impact of releasing oil from the SPR would be pretty "short-lived". He said the release of SPR oil would affect the market for about a couple of months and added that typically the other dynamics in the market would overtake any decrease in price.

The International Energy Agency said an oil market rally may ease off as prices that hit a three-year high last month help push up global supply, particularly in the United States. It said new northern hemisphere COVID outbreaks, slightly weaker industrial activity and higher oil prices will temper gains. It said reprieve from the oil price rally could be on the horizon due to increasing supplies. It said the current oil price provides strong incentive to increase U.S. oil activity even as operators stick to capital discipline. It however stated that U.S. oil output will not return to pre-COVID rates until the end of 2022. It said the U.S. is set to account for 60% of 2022 non-OPEC+ supply gains that are now forecast at 1.9 million bpd. The IEA also stated that OECD industry oil inventories are at their lowest level since the start of 2015, but added that inventories in October increased slightly. Inventories fell by 51 million barrels in September to 2.762 billion barrels, 250 million barrels below the five-year average. IEA said oil supplies in October increased by 1.4 million bpd to 97.7 million bpd. The U.S. account for half of the oil supply increase in October. It predicted a further global oil production increase of 1.5 million bpd over November and December. The IEA left its forecast for oil demand growth mostly unchanged at 5.5 million bpd for 2021 and 3.4 million bpd in 2022. The IEA increased its assumption for the 2022 average Brent crude oil price to \$79.40/barrel and \$71.50/barrel this year.

OPEC Secretary General, Mohammad Barkindo, said that OPEC is seeing signs of an oil supply surplus building from next month so its members and allies will have to be "very, very cautious" when they review output policy at regular monthly meetings. He expects an oil supply surplus as early as December and the market to remain oversupplied next year. He added that OPEC has a vested interest to ensure that the global economic recovery continues, while speaking to reporters on the sidelines of a conference in Abu Dhabi.

Early Market Call - as of 8:25 AM EDT

WTI - Dec \$80.00, down 76 cents

RBOB - Dec \$2.3270, down 2.24 cents

HO - Dec \$2.4167, down 1.37 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-21	\$2.4309	\$0.0328	-\$0.0772
Jan-22	\$2.4216	\$0.0328	-\$0.0724
Feb-22	\$2.4041	\$0.0325	-\$0.0657
Mar-22	\$2.3799	\$0.0309	-\$0.0604
Apr-22	\$2.3509	\$0.0291	-\$0.0547
May-22	\$2.3285	\$0.0276	-\$0.0519
Jun-22	\$2.3128	\$0.0258	-\$0.0503
Jul-22	\$2.3041	\$0.0243	-\$0.0492
Aug-22	\$2.2975	\$0.0229	-\$0.0477
Sep-22	\$2.2938	\$0.0218	-\$0.0514
Oct-22	\$2.2916	\$0.0206	-\$0.0438
Nov-22	\$2.2900	\$0.0197	-\$0.0423
Dec-22	\$2.2880	\$0.0194	-\$0.0405
Jan-23	\$2.2846	\$0.0193	-\$0.0388
Feb-23	\$2.2739	\$0.0195	-\$0.0372
Mar-23	\$2.2577	\$0.0196	-\$0.0355
Apr-23	\$2.2379	\$0.0195	-\$0.0335

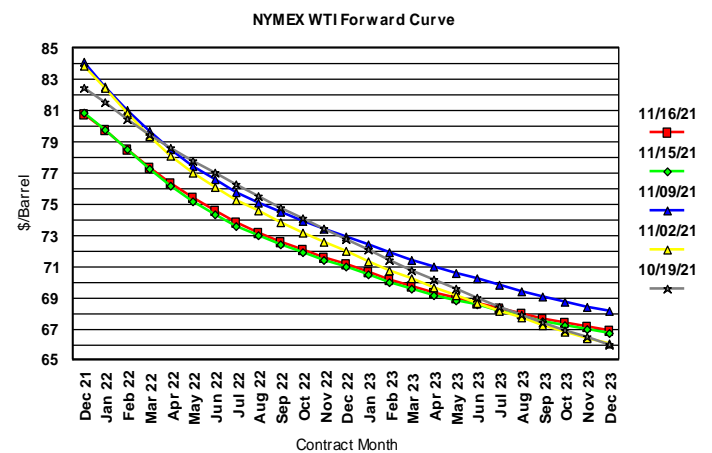
Settlements

		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$2.69	\$79.7400	-\$0.0100
Crude - Brent		\$82.4300	\$0.3800
Natural Gas		\$5.1770	\$0.1600
Gasoline		\$2.3497	\$2.0900

API Report for the Week Ending November 12, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 655,000 barrels	Down 2.5 million barrels
Cushing, OK Crude Stocks	Down 491,000 barrels	
Gasoline Stocks	Down 2.9 million barrels	Down 100,000 barrels
Distillate Stocks	Up 107,000 barrels	Down 1.3 million barrels
Refinery Runs		Up 0.8%

WTI Forward Curve



8-14 Day Weather Forecast

