

Market Commentary

All NYMEX | Prior Settlements

Recap: Crude oil futures shook off early gains on Wednesday, after Russia announced it would increase supplies of natural gas to Europe and after the EIA reported U.S. crude oil inventories increased 2.3 million barrels during the week ending October 1, 2021. Analysts were expecting a modest dip of 418,000 barrels. Notably, U.S. production increased to 11.3 million barrels per day, recovering from storm-related shut-ins more than a month ago to rebound near pandemic-level highs but still far from the 13-million bpd record set in 2019. With shale companies constraining drilling to concentrate on investor returns, U.S. output has not been able to offset OPEC's efforts to restrict exports. Later in the session, oil prices fell further after the Financial Times reported that the U.S. is raising the prospect of releasing emergency oil reserves. Oil prices slipped from fresh seven year highs, with both Brent and WTI falling as much as 2.3% during the trading session. November WTI settled at \$77.43 a barrel, down \$1.50, or 1.9%, while December Brent fell \$1.48, or 1.8%, to settle at \$81.08 a barrel. Oil futures continued their down move in post settlement trading, with both Brent and WTI make fresh session lows. November RBOB lost 4.97 cents, or 2.11%, to \$2.3082 a gallon, off 2.44% from its 52-week high of \$2.3659 hit on Friday, July 30, 2019 and is up 119.93% from its 52-week low of \$1.0495 reached on Friday, October 30, 2020. Year to day, RBOB is up 89.98 cents, or 63.89%. November heating slipped .0516 cents, or 2%, to settle at \$2.4420 per gallon.

Technical Analysis: Oil futures experienced an outside trading session and settled lower on the day, as both contracts appeared overbought based upon the relative strength index. Although we had a bit of a pullback on Wednesday, we think that there is still more room to the downside and right now we are looking at the \$75, where we would look to be buyers should prices make it down to that level. Below \$75, there is additional support set at \$74.20. \$80 remains an area of resistance and above that \$81.15.

Fundamental News: The Financial Times reported that the U.S. is considering releasing emergency oil reserves to tame the fuel price surge. It also reported that the U.S. Energy Secretary, Jennifer M. Granholm, does not rule out a crude export ban.

Sources stated that OPEC+'s decision on Monday to stick with a plan to raise oil output gradually, despite prices surging to multi-year highs, was partly driven by concern that demand and prices could weaken. The other big reason is oil revenues. Three sources stated that after seeing their income fall during the pandemic-induced demand and price collapse in 2020, the OPEC+ oil producers' alliance led by Russia and Saudi Arabia are enjoying an increase in revenues. Another OPEC+ source said OPEC+ does not want to make any big moves amid concerns over a fourth wave of the coronavirus. Concern was also expressed by some members of the group that a further increase in output could upset next year's market balance and risk building up inventories to above the five-year average in the second half.

Iraq's Oil Minister, Ihsan Abdul Jabbar, said that oil at \$75-\$80/barrel was a fair price for producers and consumers, adding that his country was seeking to expand its production and export capacity in the coming years. He said oil prices at \$100/barrel would not be a steady state for the market. Iraq's Oil Minister also stated that oil price volatility has nothing to do with OPEC.

According to Bloomberg, European refined fuel shipments to the Americas have fallen in early October, while diesel bookings on the route remain elevated. European exports to the Americas increased to 777,000 tons so far this month. That includes 9 tankers that sailed with 333,000 tons to date, far below the 666,000 tons shipped aboard 18 tankers during the comparable period in September. Expected diesel cargoes have already reached at least 296,000 tons so far this month, compared with about 325,000 tons of diesel/gasoil shipments for all of September.

Early Market Call - as of 8:20 AM EDT

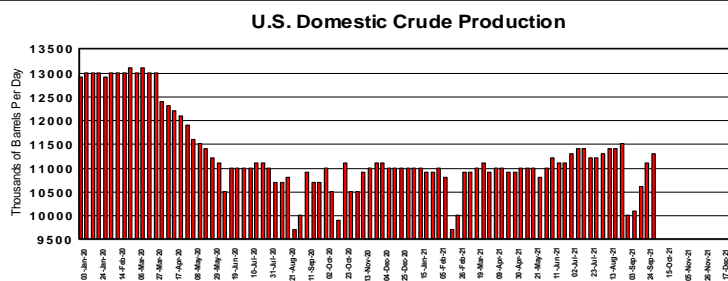
WTI - Nov \$76.44, down 99 cents

RBOB - Nov \$2.2915, down 1.67 cents

HO - Nov \$2.4139, down 2.78 cents

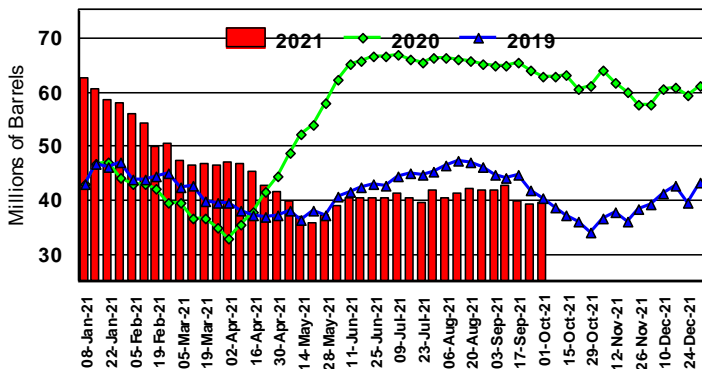
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	\$2.4420	-\$0.0516	\$0.1373
Dec-21	\$2.4346	-\$0.0517	\$0.1352
Jan-22	\$2.4233	-\$0.0518	\$0.1328
Feb-22	\$2.4055	-\$0.0510	\$0.1303
Mar-22	\$2.3815	-\$0.0502	\$0.1264
Apr-22	\$2.3540	-\$0.0497	\$0.1212
May-22	\$2.3340	-\$0.0495	\$0.1162
Jun-22	\$2.3178	-\$0.0502	\$0.1120
Jul-22	\$2.3083	-\$0.0505	\$0.1079
Aug-22	\$2.3009	-\$0.0507	\$0.1039
Sep-22	\$2.2957	-\$0.0505	\$0.0987
Oct-22	\$2.2915	-\$0.0498	\$0.0977
Nov-22	\$2.2866	-\$0.0489	\$0.0952
Dec-22	\$2.2809	-\$0.0480	\$0.0933
Jan-23	\$2.2747	-\$0.0477	\$0.0913
Feb-23	\$2.2623	-\$0.0476	\$0.0885
Mar-23	\$2.2450	-\$0.0476	\$0.0849

Settlements			
		Close	Change
Crude - WTI	Dec Brent-WTI Spread \$4.02	\$77.0600	-\$1.5100
Crude - Brent		\$81.0800	-\$1.4800
Natural Gas		\$5.6750	-\$0.6370
Gasoline		\$2.3082	-\$0.0497



Weekly EIA Petroleum Status Report for the Week Ending October 1, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 2.345 million barrels
 Cushing, OK Crude Stocks Up 1.548 million barrels
Gasoline Stocks Up 3.256 million barrels
Distillate Stocks Down 396,000 barrels
Refinery % Operated 89.6%, Up 1.5%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Oct 1, 2021	Week Ending Sep 24, 2021	Week Ending Oct 2, 2020
New England	6.9	7.1	12.2
Central Atlantic	20.5	20.9	36.6
Total PADD #1	39.4	39.1	62.9
Distillate Imports (thousands b/d)	276	270	200