

## Market Commentary

**Recap:** Oil futures fell by the most in nearly two months as major crude consumers intensified pressure on OPEC and its allies to boost supplies and after U.S. crude oil inventories reached their highest level since August. U.S. President, Joe Biden has taken a strong stance on requesting that OPEC+ increase output in an effort to help lower oil prices. Despite the pressure from the U.S. and other importers, the cartel is expected to stick to a plan to raise output by a modest 400,000 barrels a day. Azerbaijan on Wednesday joined a roster of OPEC+ nations that have said a modest increase would be enough. December WTI fell \$3.05, or 3.6%, to settle at \$80.86 a barrel, while December Brent lost \$2.73, or 3.2%, to settle at \$80.86 a barrel. Petroleum products also slipped, with December RBOB losing 0.1116 cents, to settle at \$2.3385 a gallon and December heating oil dropped .0737 cents, to settle at \$2.4350 a gallon.

**Technical Analysis:** Crude oil markets remain volatile, as the near-term momentum has shifted to the downside. We would like to see a settlement in WTI below \$80 to confirm this move and then would consider unloading length. A push below this psychological support could push WTI down toward the 50-day moving average, which is currently set at \$77.55. Below that, additional support is seen at \$75. Resistance is of course at \$85 and above that at \$88.

**Fundamental News:** Bank of America is forecasting Brent crude prices will increase to \$120/barrel by June 2022, up 45% from current levels. Bank of America's head of global commodities, Francisco Blanch, said "it's very easy for prices to shoot up when demand conditions are tight like they are now."

U.S. shale producers' decision this year to resist producing more oil even as prices surge could be nearing an end. Several major oil companies, including BP Plc, Chevron Corp and Exxon Mobil Corp, are planning to increase output or shale spending next year, undercutting OPEC's tight supply management. The planned increase in shale will come from larger companies and particularly from the Permian Basin, the top U.S. shale field. The change follows pressure from the White House for more production as retail fuel prices rise. Permian output is forecast to reach 4.89 million bpd in November, just below the peak 4.91 million bpd of March 2020 before the pandemic hit. The remaining shale regions, however, have lagged, producing a quarter less oil than at their peak in early 2020. On Tuesday, BP said it would increase spending on its U.S. shale holdings next year by \$500 million. Exxon last quarter increased its shale output by 30% to about 500,000 bpd and could add two more drilling rigs ahead. Chevron this quarter will add two rigs and well-completion crews, adding to output in early 2021. Hess Corp plans to increase its shale output by up to 8% this quarter over last after adding a rig in North Dakota's Bakken shale field.

IIR Energy reported that U.S. oil refiners are expected to have shut in 1.3 million bpd of capacity in the week ending November 5<sup>th</sup>, increasing available refining capacity by 155,000 bpd. Offline capacity is expected to decline to 761,000 bpd in the week ending November 12<sup>th</sup>.

The Federal Reserve on Wednesday said it will begin trimming its monthly bond purchases in November with plans to end them in 2022, but held to its belief that high inflation would prove "transitory" and likely not require a fast increase in interest rates.

**Early Market Call - as of 8:20 AM EDT**

WTI - Dec \$82.47, up \$1.62  
 RBOB - Dec \$2.3866, up 4.8 cents  
 HO - Dec \$2.4886, up 5.39 cents

## All NYMEX | Prior Settlements

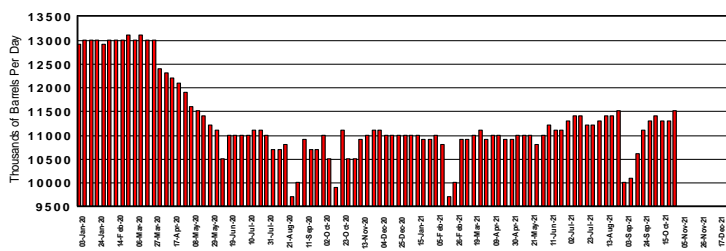
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	\$2.4345	-\$0.0737	-\$0.0717
Dec-21	\$2.4206	-\$0.0731	-\$0.0713
Jan-22	\$2.3989	-\$0.0711	-\$0.0700
Feb-22	\$2.3716	-\$0.0690	-\$0.0672
Mar-22	\$2.3381	-\$0.0665	-\$0.0647
Apr-22	\$2.3127	-\$0.0643	-\$0.0644
May-22	\$2.2959	-\$0.0625	-\$0.0627
Jun-22	\$2.2870	-\$0.0600	-\$0.0602
Jul-22	\$2.2803	-\$0.0579	-\$0.0574
Aug-22	\$2.2765	-\$0.0563	-\$0.0612
Sep-22	\$2.2739	-\$0.0549	-\$0.0529
Oct-22	\$2.2719	-\$0.0535	-\$0.0508
Nov-22	\$2.2682	-\$0.0529	-\$0.0501
Dec-22	\$2.2634	-\$0.0518	-\$0.0489
Jan-23	\$2.2509	-\$0.0508	-\$0.0481
Feb-23	\$2.2329	-\$0.0496	-\$0.0476
Mar-23	\$2.2103	-\$0.0482	-\$0.0469

### Settlements

	Close	Change
Crude - WTI	\$79.5700	-\$2.8700
Crude - Brent	\$81.9900	-\$2.7300
Natural Gas	\$5.6700	\$0.1280
Gasoline	\$2.3385	-\$0.1116

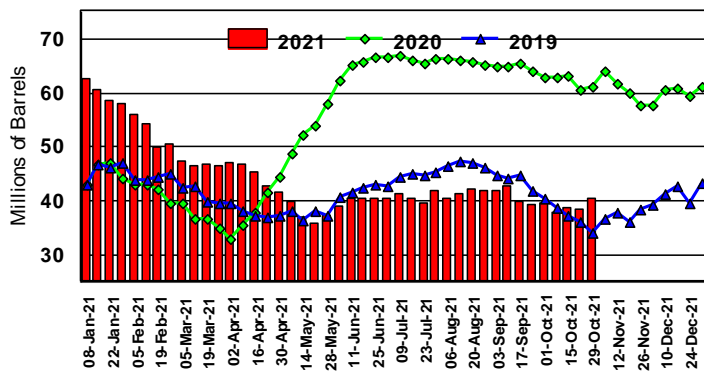
Jan Brent-WTI Spread  
**\$2.42**

### U.S. Domestic Crude Production



## Weekly EIA Petroleum Status Report for the Week Ending October 29, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Up 3.29 million barrels  
 Cushing, OK Crude Stocks Down 916,000 barrels  
**Gasoline Stocks** Down 1.488 million barrels  
**Distillate Stocks** Up 2.16 million barrels  
**Refinery % Operated** 86.3%, Up 1.2%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Oct 29, 2021	Week Ending Oct 22, 2021	Week Ending Oct 30, 2020
New England	7.8	7.1	12.9
Central Atlantic	19.8	19.6	35.7
Total PADD #1	40.5	38.5	63.9
Distillate Imports (thousands b/d)	169	298	307