

Market Commentary

Recap: Oil futures moved higher on Monday after Saudi Arabia increased prices which was taken as a signal that global stockpiles are decreasing quicker than expected. Saudi Arabia made some of the biggest increases to its official selling prices in decades late last week, a move enabled by low global stockpiles and tight supplies, according to Vitol Group. Prices were also supported on positive signs for global economic growth and the U.S. infrastructure bill, which will help boost demand. December WTI rose as much as 1.7%, reaching a session high of \$82.67 a barrel, before paring gains to settle at \$81.93 a barrel, up 66 cents, or 0.81%. December Brent added 69 cents, or 0.85%, to settle at \$83.43 a barrel. December RBOB tacked on nearly 0.1% to \$2.322 a gallon and December heating oil added 0.5% to \$2.467 a gallon.

Technical Analysis: December WTI made a failed attempt to re-enter the ascending channel it settled below last week, but did manage to settle above the 10-day moving average of \$81.90. The ability of this spot contract to settle above \$81.83, a pivotal number, our bias of this market is leaning to the upside. As a result, we continue to look for WTI to re-enter the channel and work its way toward the resistance level of \$85. Above this level, additional resistance is set at \$88. To the downside, support is seen at \$78 and below that at \$75.

Fundamental News: U.S. Energy Secretary, Jennifer Granholm, said U.S. President Joe Biden is looking at options to address the cost of gasoline near term even as his administration moves forward with other long-term clean energy initiatives.

The expected increase in Russia's gas flows to Europe starting on Monday may have implications for crude oil. In October, Saudi Aramco's Chief Executive, Amin Nasser, said that crude consumption increased by about 500,000 bpd as a result of high natural gas prices.

United Arab Emirates Energy Minister, Suhail al-Mazrouei, said OPEC and its allies, the group known as OPEC+, are able to increase oil supply if there is market demand. He said the UAE has the capacity to supply additional volumes of crude to the market if needed and if agreed to by the OPEC+ group. He said that the UAE and its OPEC+ partners may continue with the policy until September 2022, to reach the output level seen before the coronavirus pandemic. The current policy of adding 400,000 bpd a month can lead to an excess in supply in the first quarter of 2022, he said, expecting the U.S. to continue to draw from its strategic petroleum reserves until 2025. He said OPEC+ has managed oil supply and demand well, and prices would be higher if it wasn't for the group's strategy. The UAE's Energy Minister also stated that insufficient investments in the oil and natural gas industry could lead to an increase in energy prices. He told the Africa Oil Week conference in Dubai that oil and gas are needed to ensure reliable supply of energy during the transition period required to implement non-carbon emitting projects.

The latest OPEC data shows that crude oil production in Iran in September increased by 21,000 bpd or 0.84% on the month to 2.5 million bpd. Analysts believe the increase proves that Iran is in fact exporting more oil on the market despite the U.S. sanctions imposed by former U.S. President Donald Trump that aim to drive Iranian oil export shipments to zero. In a recent report, OPEC said that the average price of Iranian oil in September was \$74.08/barrel, up more than 5% from the previous month. The report also stated that OPEC's total production in September reached 27.3 million bpd, up 1.8% on the month.

The EIA's Short Term Energy Outlook scheduled to be released on Tuesday may determine whether the Biden administration decides to release crude from the SPR.

Early Market Call - as of 9:10 AM EDT

WTI - Dec \$82.40, up 47 cents
RBOB - Dec \$2.3580, up 3.62 cents
HO - Dec \$2.4953, up 2.79 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-21	\$2.4671	\$0.0115	-\$0.0360
Jan-22	\$2.4537	\$0.0116	-\$0.0342
Feb-22	\$2.4310	\$0.0101	-\$0.0329
Mar-22	\$2.4031	\$0.0090	-\$0.0307
Apr-22	\$2.3703	\$0.0081	-\$0.0271
May-22	\$2.3462	\$0.0069	-\$0.0240
Jun-22	\$2.3308	\$0.0056	-\$0.0209
Jul-22	\$2.3224	\$0.0046	-\$0.0182
Aug-22	\$2.3155	\$0.0036	-\$0.0164
Sep-22	\$2.3111	\$0.0032	-\$0.0208
Oct-22	\$2.3083	\$0.0028	-\$0.0143
Nov-22	\$2.3058	\$0.0028	-\$0.0136
Dec-22	\$2.3028	\$0.0036	-\$0.0125
Jan-23	\$2.2981	\$0.0034	-\$0.0113
Feb-23	\$2.2862	\$0.0034	-\$0.0098
Mar-23	\$2.2689	\$0.0032	-\$0.0079
Apr-23	\$2.2476	\$0.0033	-\$0.0052

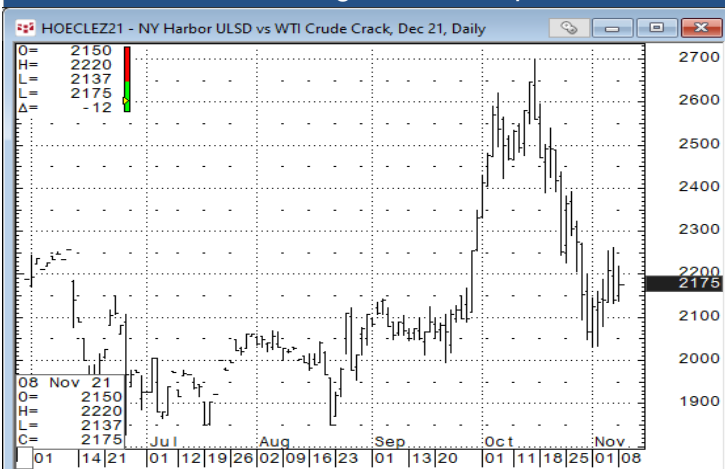
Settlements

		Close	Change
Crude - WTI	Jan Brent-	\$80.7400	\$0.6100
Crude - Brent	WTI Spread	\$83.4300	\$0.6900
Natural Gas	\$2.69	\$5.4270	-\$0.0890
Gasoline		\$2.3222	\$0.0013

ICE January Brent-WTI Spread



December Heating Oil Crack Spread



December RBOB Crack Spread

