

## Market Commentary

**Recap:** The U.S. along with other major oil consumers announced a coordinated plan to release crude oil from strategic reserves in an effort to stem rising energy costs, but the big question is, will it work. In a rare bout of coordination with other oil-consuming nations, the U.S. government said Tuesday it plans to offer as much as 50 million barrels from its Strategic Petroleum Reserve. China, India, Japan, South Korea and the U.K. will join in the effort. This move does not come without its risks, including a possible backlash by OPEC and its allies. With so many lingering unknowns, including whether the oil is even the grade the U.S. market's looking for, it's hard to say whether households will actually see much, if any, reprieve in time to prevent a brutally expensive holiday travel season. January WTI jumped \$1.75, or 2.28%, to settle at \$78.50 a barrel, while January Brent added \$2.61, or 3.27%, to settle at \$82.31 a barrel. December RBOB closed up 7.70 cents, or 3.4%, at \$2.3372 a gallon. Pump prices for gasoline have jumped more than 60% from pandemic-depressed levels seen a year ago, according to The Wall Street Journal. The national average price for unleaded regular gasoline stood at \$3.403 a gallon on Tuesday, according to AAA. December heating oil jumped 5.89 cents, or 2.5%, closing at \$2.3843 a gallon.

**Market Outlook:** With everyone talking so long about the release of oil from strategic reserves, traders are saying that this has already been factored into the market and the release was less than expected. This would explain why oil futures ran up on Tuesday following the announcement. We will now have to wait and see how OPEC+ responds to this move. They could respond by canceling plans to gradually increase output, undoing what the U.S. and other governments have decided to do. That being said, consumers who are looking for relief at the pump may not see lower gasoline prices for months, if at all. Despite Tuesday's rally, crude prices have dropped close to \$10 from earlier this month as the U.S. signaled it may tap its reserves. The diplomatic push has also led to weaker so-called time spreads for nearby months. West Texas Intermediate crude's prompt spread traded at 57 cents a barrel, down from about \$1.79 a barrel in late October. At this point, we would look for WTI to test the \$85 level, as the release of oil from the SPR was too little too late. Support is set at \$76.37 and below that at \$75.

**Fundamental News:** The United States announced it would release 50 million barrels of oil from its strategic reserves in a coordinated move with China, India, South Korea, Japan and Britain to lower prices after OPEC+ producers rebuffed calls for more crude. U.S. officials said the release from the U.S. Strategic Petroleum Reserve would be in the form of a loan sale to companies, which must return the crude at a later date, and was the first time the United States had coordinated a release with some of the world's largest oil consumers. The Department of Energy is offering 32 million barrels in the form of an exchange and 18 million barrels in advanced sales preapproved by Congress.

U.S. President Joe Biden promised that Americans could see a decline in gasoline prices following his order to release oil from the country's SPR but cautioned that the effects of the SPR release announcement would not be felt "overnight." U.S. Energy Secretary, Jennifer Granholm, said that Americans should start seeing some relief in higher gasoline prices in the next few weeks as a result of a release of oil from the Strategic Petroleum Reserve.

Bloomberg strategist, Julian Lee, stated that the OPEC+ group would have to defer at least two months' worth of planned output increases to offset strategic stock releases led by the U.S. The U.S. will release 50 million barrels of crude from the SPR, with India releasing 5 million barrels and the U.K. contributing 1.5 million barrels. Announcements are also expected from China, Japan and South Korea, which together could add anywhere between 10 million and 20 million barrels.

**Early Market Call - as of 8:25 AM EDT**

WTI - Dec \$78.25 Down 0.25

RBOB - Dec \$2.3197 Down 0.0164

HO - Dec \$2.3866 Up 0.0016

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-21	\$2.3843	\$0.0589	-\$0.0466
Jan-22	\$2.3823	\$0.0581	-\$0.0393
Feb-22	\$2.3765	\$0.0591	-\$0.0276
Mar-22	\$2.3636	\$0.0597	-\$0.0163
Apr-22	\$2.3410	\$0.0590	-\$0.0099
May-22	\$2.3230	\$0.0577	-\$0.0055
Jun-22	\$2.3089	\$0.0563	-\$0.0039
Jul-22	\$2.3014	\$0.0554	-\$0.0027
Aug-22	\$2.2956	\$0.0544	-\$0.0019
Sep-22	\$2.2925	\$0.0533	-\$0.0050
Oct-22	\$2.2910	\$0.0522	-\$0.0006
Nov-22	\$2.2898	\$0.0510	-\$0.0002
Dec-22	\$2.2882	\$0.0498	\$0.0002
Jan-23	\$2.2856	\$0.0486	\$0.0010
Feb-23	\$2.2763	\$0.0479	\$0.0024
Mar-23	\$2.2617	\$0.0473	\$0.0040
Apr-23	\$2.2428	\$0.0466	\$0.0049

Settlements			
		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$3.81	\$78.5000	\$1.7500
Crude - Brent		\$82.3100	\$2.6100
Natural Gas		\$4.9670	\$0.1780
Gasoline		\$2.3372	\$0.0770

## API Report for the Week Ending November 19, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 2.3 million barrels	Down 500,000 barrels
Cushing, OK Crude Stocks	Up 915,000 barrels	
Gasoline Stocks	Up 600,000 barrels	Down 500,000 barrels
Distillate Stocks	Down 1.5 million barrels	Down 1 million barrels
Refinery Runs		Up 0.6%

## WTI Forward Curve

## 8-14 Day Weather Forecast

