

Market Commentary

Recap: Oil futures erased earlier losses while investors weighed the expiration of crude oil options as well as the impact of mixed U.S. economic data. After declining as much as 1.5% on Thursday, crude oil futures reversed to the upside after U.S. retail sales unexpectedly increase in August while a separate report showed weekly jobless claims increased. Futures sold off early in the session in response to a rally in the dollar. October WTI ended the session unchanged, at \$72.61 a barrel, while November Brent added 21 cents, or 0.3%, to settle at \$75.67 a barrel. October RBOB lost nearly 1.2% at \$2.18 a gallon, while October heating oil edged up by 0.3% to \$2.21 a gallon.

Technical Analysis: Near term tightening of supplies has been the main catalyst behind the rise in crude oil price, as the Gulf of Mexico continues to work its way out of the effects of Hurricane Ida and Hurricane Nicholas. Further supporting prices was the 6.4 million barrel draw down in U.S. crude oil supplies reported on Wednesday by the EIA. At this point, it is difficult to gauge how much higher prices can go, as production in the Gulf region comes back on line. Prices may have gotten a bit ahead of themselves, so a pullback is not surprising. However, we would look for buyers underneath this market as long as it holds above \$70. Below \$70, additional support is seen at \$9, with resistance set at \$74 and above that at \$75.50.

Fundamental News: U.S. President, Joe Biden, said that there was evidence that gasoline prices should be falling and his administration was investigating why that was not the case. In August, the Biden administration called on OPEC and its allies to increase their oil output to curb rising gasoline prices.

The Bureau of Safety and Environmental Enforcement said energy companies kept 28% of U.S. Gulf of Mexico crude oil production shut in. A total of 513,878 bpd of crude remains shut in as of Thursday, down from 537,193 bpd. A total of 878.63 bcf or 39.4% of natural gas output remains shut in.

According to BloombergNEF, the 19 countries participating in the OPEC+ production cut agreement saw their overall compliance reach 116% in August, up from 109% in July. These estimates include Saudi Arabia's voluntary production cut of 1 million bpd as part of the production quota. OPEC+ oil output increased by 70,000 bpd in August to 35.9 million bpd, while the production quota eased by 400,000 bpd to 36.7 million bpd.

Commerzbank expects the price of Brent crude to end the year at \$75/barrel and to fall slightly to \$70/barrel next year. It said the oil market will be facing an oversupply next year if OPEC+ sticks to its current production plans. It expects OPEC+ to increase its oil production less in 2022 than originally planned. It said the oil market is undersupplied, with the OPEC+ output cuts and Gulf of Mexico outages contributing to the lower supply levels.

Libya's National Oil Corp said that a blockade of the Es Sider and Ras Lanuf oil terminals had ended and that export operations had returned to normal. Protesters at those two ports and at the port of Hariga had been blocking exports since last week and demanding jobs for local people. On Wednesday, NOC said that operations had also resumed at Hariga. A company statement said that NOC's chairman, Mustafa Sanalla, had held talks with local elders who had helped to end the protests.

The U.S. generated 1.2 billion ethanol (D6) blending credits in August, down from 1.3 billion in July. The U.S. also generated 421 million biodiesel (D4) blending credits in August, up from 359 million in July.

Early Market Call - as of 9:50 AM EDT

WTI - Oct \$71.87 Down 0.73

RBOB - Oct \$2.1712 Down 0.0105

HO - Oct \$2.2080 Up 0.0029

All NYMEX | Prior Settlements

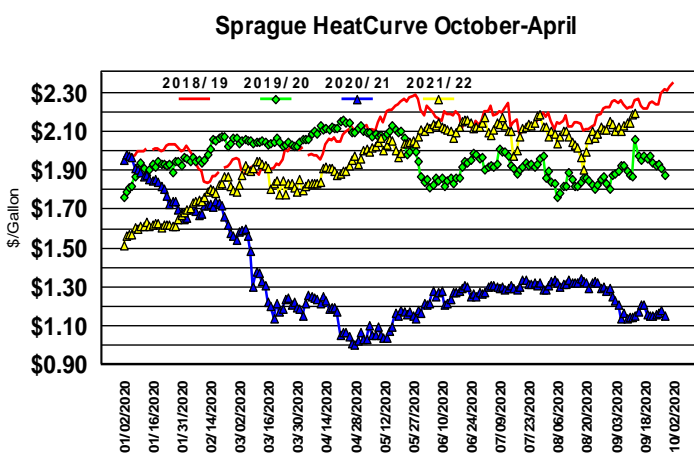
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	\$2.2110	\$0.0057	\$0.0973
Nov-21	\$2.2090	\$0.0055	\$0.0981
Dec-21	\$2.2038	\$0.0052	\$0.0969
Jan-22	\$2.1968	\$0.0044	\$0.0948
Feb-22	\$2.1850	\$0.0030	\$0.0913
Mar-22	\$2.1674	\$0.0013	\$0.0872
Apr-22	\$2.1468	\$0.0008	\$0.0841
May-22	\$2.1331	\$0.0010	\$0.0823
Jun-22	\$2.1223	\$0.0015	\$0.0808
Jul-22	\$2.1179	\$0.0015	\$0.0788
Aug-22	\$2.1153	\$0.0014	\$0.0769
Sep-22	\$2.1141	\$0.0013	\$0.0757
Oct-22	\$2.1139	\$0.0013	\$0.0743
Nov-22	\$2.1129	\$0.0010	\$0.0733
Dec-22	\$2.1105	\$0.0006	\$0.0722
Jan-23	\$2.1083	\$0.0005	\$0.0712
Feb-23	\$2.1006	\$0.0003	\$0.0696

Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.30	\$72.3700	\$0.0400
Crude - Brent		\$75.6700	\$0.2100
Natural Gas		\$5.3350	-\$0.1250
Gasoline		\$2.1812	-\$0.0254

EIA Working Gas Storage Report

	10-Sep-21	03-Sep-21	Change	10-Sep-20
East	732	703	29	822
Midwest	876	842	34	979
Mountain	193	191	2	220
Pacific	240	243	-3	310
South Central	965	943	22	1,271
Salt	217	208	9	347
Nonsalt	748	735	13	924
Total	3,006	2,923	83	3,601

Sprague Heat Curve October-April



ICE November Brent-WTI Spread

