

## Market Commentary

**Recap:** Oil futures rose on Friday, with Brent trading above \$79 a barrel, supported by tight supplies and the upcoming meeting between OPEC and its allies, which is set to take place on Monday. Oil is also finding support as a surge in natural gas prices globally prompts power producers to move away from gas. Generators in Pakistan, Bangladesh and the Middle East have started switching fuels. The market is also watching whether the Democratic-controlled U.S. Congress can advance President Joe Biden's agenda with House progressives vowing to block a \$1 trillion infrastructure bill without a deal on a larger social spending and climate change bill. November WTI rose 85 cents, or 1.1%, to settle at \$75.88 a barrel, the highest front-month contract finish since October 2018, according to Dow Jones Market Data. The December Brent contract added 97 cents, or 1.2%, to settle at \$79.28 a barrel. For September, WTI gained 9.5%, while Brent saw a rise of 7.6%, based on the front-month contracts, according to Dow Jones Market Data. For the quarter, WTI climbed of 2.1%, up a sixth consecutive quarter, while Brent marked a 4.5% advance. Petroleum products also gained, with November RBOB adding nearly 2.6% to \$2.25 a gallon and November heating oil rose 1.9% to \$2.383 a gallon. Both contracts saw prices rise more than 5% for the week.

**Technical Analysis:** Oil futures bounced around a bit on Friday, but continued to gravitate toward the \$75 area. This level has been an area of attention, as it is a key psychological number. Traders remain torn between supply concerns and a grim market mood. Oil prices are hanging just below \$77, a three-year resistance level. A break above this level sets WTI up for a run toward \$80, while a break below \$72 allowing for a push down toward the 50-day moving average, which has been riding close to \$70. Should we manage to get a push below this average, we will most likely see a push toward \$67, which will put this market back below the downward trend line that can be drawn off of the July high of \$76.98.

**Fundamental News:** U.S. energy firms this week added oil and natural gas rigs for a fourth consecutive week as more storm-hit offshore units resumed service in the Gulf of Mexico. Baker Hughes reported that the oil and gas rig count increased by seven to 528 in the week ending October 1<sup>st</sup>, its highest since April 2020. U.S. oil rigs increased by seven to 428 this week, their highest since April 2020, while gas rigs were steady at 99.

According to Reuters, OPEC+ is considering adding up to 800,000 bpd of additional supply in November, twice its scheduled increase, when it meets on Monday. It is considering the additional production as Europe and China struggle to secure sufficient energy supplies to meet winter demand.

According to Bloomberg, OPEC crude oil production increased by 360,000 bpd in September to 27.49 million bpd.

Observed crude exports from Saudi Arabia increased to 6.32 million bpd in September, as stronger flows to countries including India and South Korea outweighed a fall in shipments to China. It is up from 6.28 million bpd exported in August.

IIR Energy said U.S. oil refiners are expected to shut in about 953,000 bpd of capacity in the week ending October 1<sup>st</sup>, increasing available refining capacity by 46,000 bpd. Offline capacity is expected to increase to about 1.5 million bpd in the week ending October 8<sup>th</sup>, and further, to 1.8 million bpd in the week ending October 15<sup>th</sup>.

The Louisiana Offshore Oil Port said they made no deliveries of LOOP sour crude oil from storage in September.

BOFA Global Research said the global energy crunch could help increase oil prices over \$100/barrel for the first time since 2014 and cause a global economic crisis.

**Early Market Call - as of 8:30 AM EDT**

WTI - Nov \$75.99, up 11 cents

RBOB - Nov \$2.2480, down 22 points

HO - Nov \$2.3840, up 10 points

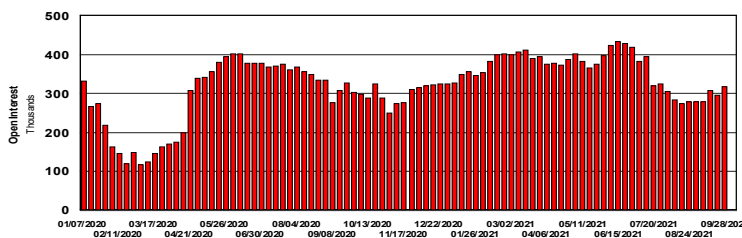
## All NYMEX | Prior Settlements

| Month  | ULSD (HO) | Prior Settle | Change In |
|--------|-----------|--------------|-----------|
|        | Close     | Change       | One Week  |
| Nov-21 | \$2.3827  | \$0.0442     | \$0.1181  |
| Dec-21 | \$2.3755  | \$0.0436     | \$0.1169  |
| Jan-22 | \$2.3652  | \$0.0432     | \$0.1167  |
| Feb-22 | \$2.3484  | \$0.0431     | \$0.1169  |
| Mar-22 | \$2.3262  | \$0.0429     | \$0.1163  |
| Apr-22 | \$2.3021  | \$0.0431     | \$0.1151  |
| May-22 | \$2.2857  | \$0.0437     | \$0.1143  |
| Jun-22 | \$2.2731  | \$0.0445     | \$0.1138  |
| Jul-22 | \$2.2668  | \$0.0448     | \$0.1141  |
| Aug-22 | \$2.2623  | \$0.0451     | \$0.1146  |
| Sep-22 | \$2.2592  | \$0.0452     | \$0.1115  |
| Oct-22 | \$2.2566  | \$0.0450     | \$0.1149  |
| Nov-22 | \$2.2530  | \$0.0447     | \$0.1145  |
| Dec-22 | \$2.2481  | \$0.0446     | \$0.1139  |
| Jan-23 | \$2.2432  | \$0.0445     | \$0.1137  |
| Feb-23 | \$2.2328  | \$0.0443     | \$0.1130  |
| Mar-23 | \$2.2176  | \$0.0438     | \$0.1110  |

### Settlements

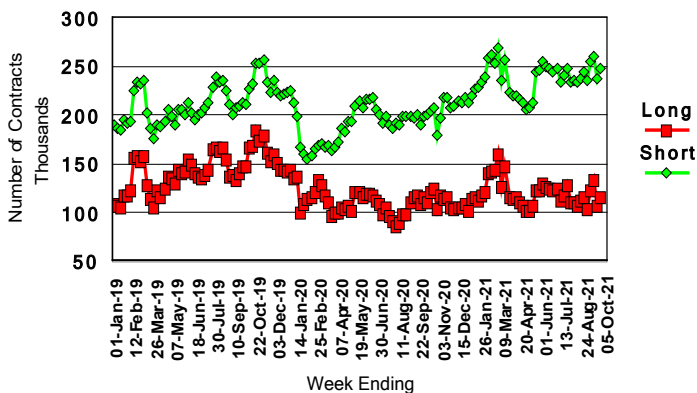
|               |                             | Close     | Change    |
|---------------|-----------------------------|-----------|-----------|
| Crude - WTI   | Dec Brent-WTI Spread \$3.70 | \$75.5800 | \$0.8800  |
| Crude - Brent |                             | \$79.2800 | \$0.9700  |
| Natural Gas   |                             | \$5.6190  | -\$0.2480 |
| Gasoline      |                             | \$2.2500  | \$0.0560  |

WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



## Commitment of Traders Report for the Week Ending September 28, 2021

### Producer/Merchant Heat Positons CFTC Commitment of Traders Report



### Managed Money Heat Positons CFTC Commitment of Traders Report

