

Market Commentary

Recap: The rising cases of COVID-19 in Europe and fresh lockdowns in Austria pushed oil prices to their lowest level in 7 weeks. Market sentiment has turned bearish as traders were reminded that the spread in the number of reported cases of COVID-19 can have a negative effect on the global economy, which in turn will impact demand for oil. December WTI fell by almost 5% on Friday, hitting a session low of \$75.37. The December contract expired at \$76.10 a barrel, down \$2.91 or 3.7%. January WTI which became the front month, traded at a low of \$75.09, down \$3.32, or 4.2% before paring losses to settle at \$75.94, down \$2.47, or nearly 3.2%. January Brent fell \$2.35, or 2.9%, to end the week at \$78.89 a barrel. Petroleum products fell as well, with December RBOB falling 3.6% to \$2.212 a gallon, while December heating oil dropped 3.8% to \$2.293 a gallon, with both contracts posting losses of more than 4% for the week.

Technical Analysis: WTI dipped below \$76.37, the 38% retracement provided by the October high of \$85.41 and the August low of \$61.74 but squeezed out a settlement above this level. A lot of this past week's momentum was tied to the possibility of the U.S. releasing oil from its strategic reserves, but this appears to have already been factored into the market. What is once again stepping into the spot light is COVID-19, as it has led to Austria locking down, with Germany possibility following, as the number of reported cases increase across Europe. This could of course drive down demand for crude oil around the world, but we will have to wait to see whether or not anything comes of that. At this point, we would look for a run at \$75, with a successful penetration opening up the possibility of this market trading down toward \$73.58, the 50% retracement of the aforementioned range. To the upside resistance is provided by the 50-day moving average, which is currently set at \$78.58 and above that at \$80.

Fundamental News: White House spokesperson, Jen Psaki, said that OPEC should meet global oil demand needs with "adequate" supply when it holds its next policy meeting on December 2nd.

U.S. energy firms this week added oil and natural gas rigs for a fourth consecutive week. Baker Hughes reported that the oil and gas rig count increased by seven to 563 in the week ending November 19th, its highest since April 2020. U.S. oil rigs increased by 7 to 461 this week, their highest since April 2020, while gas rigs were steady at 102.

Goldman Sachs said a coordinated release of oil from strategic petroleum reserves may only be a short-term fix for a supply deficit and could pose an upside risk to the U.S. bank's 2022 crude forecast. Goldman said such a release would not help the slow global supply response that only higher oil prices can overcome. If such a release was confirmed and kept prices below the bank's fourth quarter 2021 Brent price forecast of \$85/barrel, it would lead to an upside to its 2022 price outlook. The bank said the White House may have to consider additional actions to lower U.S. gasoline prices, partly due to expectations that an SPR release will not lower oil prices in 2022.

According to internal data seen by Reuters, OPEC+ compliance with oil production cuts stood at 116% in October, up from 115% the previous month, indicating the group continues to produce less than its agreed targets. Compliance for participating OPEC members in the group increased from 115% in September to 121% in October, the highest since May. Compliance for non-OPEC participating producers stood at 106% in October, down from 114% in September.

IIR Energy reported that U.S. oil refiners are expected to shut in about 508,000 bpd of capacity in the week ending November 19th, increasing available refining capacity by 407,000 bpd. Offline capacity is expected to decline to 314,000 bpd in the week ending November 26th, falling further to 79,000 bpd in the week ending December 3rd.

Early Market Call - as of 8:20 AM EDT

WTI - Dec \$75.61 Down 0.32
 RBOB - Dec \$2.2181 Up 0.0019
 HO - Dec \$2.2931 +0.0001

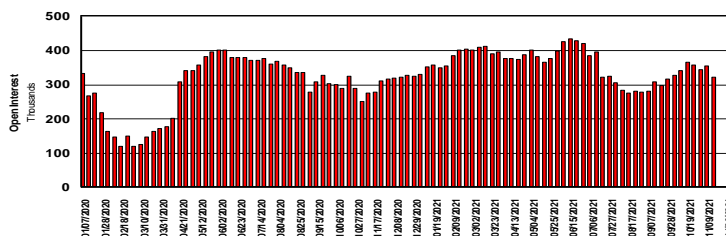
All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-21	\$2.2934	-\$0.0906	-\$0.1103
Jan-22	\$2.2874	-\$0.0893	-\$0.1072
Feb-22	\$2.2796	-\$0.0851	-\$0.0970
Mar-22	\$2.2646	-\$0.0806	-\$0.0879
Apr-22	\$2.2426	-\$0.0773	-\$0.0811
May-22	\$2.2273	-\$0.0737	-\$0.0752
Jun-22	\$2.2164	-\$0.0709	-\$0.0718
Jul-22	\$2.2114	-\$0.0687	-\$0.0696
Aug-22	\$2.2079	-\$0.0666	-\$0.0676
Sep-22	\$2.2067	-\$0.0649	-\$0.0688
Oct-22	\$2.2069	-\$0.0636	-\$0.0641
Nov-22	\$2.2072	-\$0.0623	-\$0.0627
Dec-22	\$2.2063	-\$0.0618	-\$0.0614
Jan-23	\$2.2052	-\$0.0605	-\$0.0588
Feb-23	\$2.1966	-\$0.0593	-\$0.0563
Mar-23	\$2.1825	-\$0.0579	-\$0.0539
Apr-23	\$2.1644	-\$0.0562	-\$0.0519

Settlements

		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$2.94	\$75.9500	-\$2.4700
Crude - Brent		\$78.8900	-\$2.3500
Natural Gas		\$5.0650	\$0.1630
Gasoline		\$2.2119	-\$0.0824

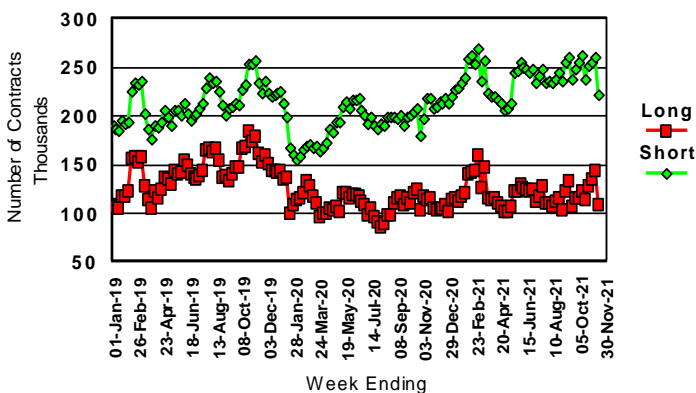
WTI Futures & Options: NYMEX & ICE Combined Managed Money Reportable Positions



Commitment of Traders Report for the Week Ending November 16, 2021

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

