

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil prices rebounded on Friday as China's real estate giant, Evergrande, paid overdue interest, helping the company dodge default, lowering concerns about the company. Prices were also higher due to the easing of travel restrictions and a slow recovery in U.S. crude production and expectations for higher energy demand for the holidays. Friday's close marked the ninth straight week of gains for WTI, the longest-ever weekly winning streak for front-month WTI, based on records dating back to April 1983, according to Dow Jones Market Data. The recent leg higher for crude to multiyear price highs has come in sympathy with a surge in natural gas. Rising natural-gas prices have prompted increased demand for crude, particularly in China and other Asian countries, as utilities switch gas- and coal-powered generators to oil. December WTI finished the week at \$83.76 a barrel, up \$1.26, or 1.53%. Brent for December delivery added 92 cents, or 1.09%, to settle at \$85.53 a barrel. RBOB snapped a five week winning streak on Friday, falling 0.17%, to \$2.4821, for a session loss of 0.1% in the November contract. November heating oil fell 0.4%, to \$2.539 a gallon, down nearly 1.4% on the week.

Technical Analysis: Showing signs of strength, oil prices bounced off of session lows on Friday, as buyers took advantage of the early session dip. December WTI found support down at the 10-day moving average, as it continues to trend within the ascending channel that dates back to the middle of August. At this point, we expect this market to remain volatile as it responds to an array of news, while technical indicators are pointing at an overbought market. We still anticipate seeing buyers down toward the \$80 level, with \$85 being the near-term upside objective. Support below \$80, additional support is seen at \$78 and \$75. Above \$85, resistance sits at \$86.

Fundamental News: Baker Hughes reported that U.S. energy firms this week cut oil and natural gas rigs for the first time in seven weeks even as oil prices rose to fresh seven year highs. The U.S. oil and gas rig count fell by 1 to 542 in the week ending October 22nd. U.S. oil rigs fell by 2 to 443 this week, while gas rigs increased by 1 to 99.

Shell said it expects an offshore transfer facility, which was shut due to damage from Hurricane Ida, to be operational in the first half of November. The company had previously said it expected its West Delta-143 offshore facility to be offline for repairs until the end of 2021. Once WD-143 is operational, the Mars Oil Pipeline expects to resume normal operations as producers increase production. Shell said it is hoping to restart its 100,000 bpd Ursa oil and gas platforms as early as the first half of November.

IIR Energy reported that U.S. oil refiners are expected to shut in about 2.2 million bpd of capacity in the week ending October 22nd, cutting available refining capacity by 333,000 bpd. Offline capacity is expected to fall to about 1.7 million bpd in the week ending October 29th and decline to 1.2 million bpd the week after.

On Thursday, President Joe Biden said he expects gasoline prices to fall in 2022 and that any further price reduction depends on factors such as the actions of Saudi Arabia. Earlier, Reuters reported that U.S. antitrust regulators have extended the approval process for at least five oil and gas mergers and acquisitions in the last three months, as the Biden administration scrutinizes deals to halt soaring energy prices.

Stocks at Cushing, Oklahoma are declining to critically low levels. Stocks fell more than 4 million barrels over the past two weeks to 31 million barrels and are expected to keep declining rapidly due to the world's demand for U.S. light sweet crude. The drawdown, driven by a rapid demand recovery from last year's decline, has been exacerbated by an energy crisis that has sent European and Asian buyers to seek cheaper barrels. Over the coming weeks, stocks are likely to fall further to the operational level of around 20 million barrels, prompting the market to turn even more bullish.

Early Market Call - as of 8:40 AM EDT

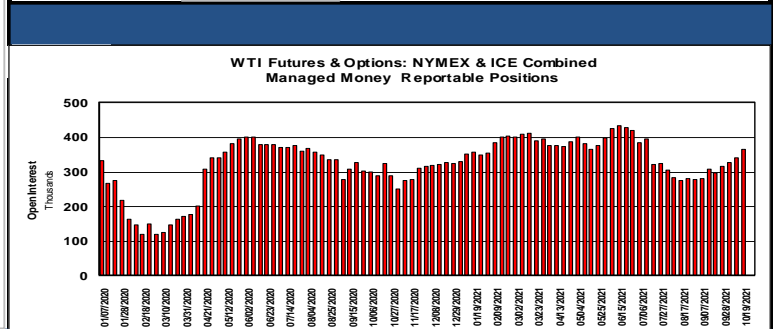
WTI - Dec \$84.86, up \$1.10

RBOB - Nov \$2.5213, up 3.77 cents

HO - Nov \$2.5703, up 3.18 cents

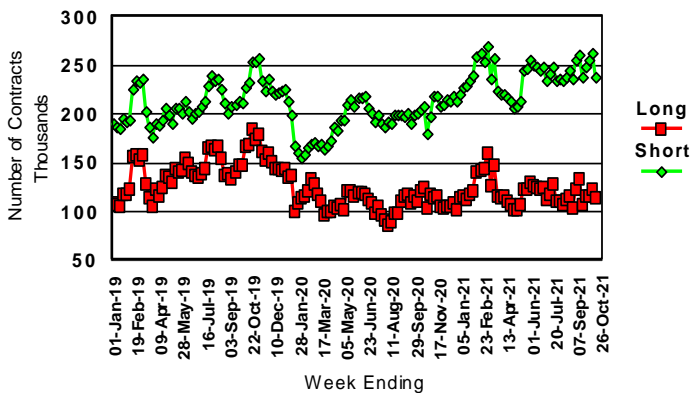
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	2.5389	-0.0102	-0.0348
Dec-21	2.5312	-0.0095	-0.0329
Jan-22	2.5179	-0.0102	-0.0326
Feb-22	2.4961	-0.0118	-0.0335
Mar-22	2.4669	-0.0136	-0.0338
Apr-22	2.4315	-0.0149	-0.034
May-22	2.4051	-0.0164	-0.0347
Jun-22	2.3858	-0.0178	-0.0354
Jul-22	2.3734	-0.0185	-0.0363
Aug-22	2.3629	-0.0187	-0.0367
Sep-22	2.3555	-0.0187	-0.0441
Oct-22	2.3492	-0.0186	-0.037
Nov-22	2.3431	-0.0186	-0.037
Dec-22	2.3365	-0.0186	-0.0372
Jan-23	2.3293	-0.0186	-0.0368
Feb-23	2.315	-0.0187	-0.0365
Mar-23	2.2953	-0.0189	-0.0361

Settlements			
		Close	Change
Crude - WTI	Dec Brent-WTI Spread \$3.03	\$82.5000	\$1.1400
Crude - Brent		\$85.5300	\$0.9200
Natural Gas		\$5.2800	\$0.1650
Gasoline		\$2.4821	\$0.0020



Commitment of Traders Report for the Week Ending October 19, 2021

Producer/Merchant Heat Positions
CFTC Commitment of Traders Report



Managed Money Heat Positions
CFTC Commitment of Traders Report

