

## Market Commentary

**Recap:** Oil prices extended gains to scale multi-year peaks on Monday, fueled by the rebound in global demand that has also contributed to power and gas shortages in key economies like China. Demand for energy has picked up as the global economy continues to recover from the pandemic and as colder weather starts to move in. This coincides with pressure being put on governments to accelerate the transition to cleaner energy, which has slowed investment in oil projects. Power prices have surged to record highs in recent weeks, driven by widespread energy shortages in Asia, Europe and the United States. Soaring gas prices are encouraging countries to switch to oil for power generation. Analysts have estimated that switching from natural gas to oil could add anywhere from 250,000 to 750,000 barrels per day of crude demand. November WTI settled at \$80.52 a barrel, up \$1.17, or 1.47%. This is the highest settlement for a front-month contract since October 31, 2014. December Brent tacked on \$1.26, or 1.53%, to settle at \$83.65 a barrel, the highest settlement since October 9, 2018.

**Technical Analysis:** Oil futures surged on Monday and have quadrupled this year, setting new record highs almost every week. On Friday, Oil prices crossed \$80 a barrel for the first time since November 2014 – taking their gains to over 300% from the 2020 lows. Goldman Sachs now predicts oil prices will hit the \$90 – \$100 a barrel mark by year-end, while Bank of America is convinced the global energy crisis will push oil prices above \$200 a barrel. WTI advanced above the upward channel it broke out of on Friday and moved closer to the \$85.02 projected upside target based upon the breakout. At this point, we are still looking to buy this market on dips, with support set at the \$80 level and \$75 providing even larger support.

**Fundamental News:** The White House stands by its calls for oil-producing countries to "do more" to support the global economic recovery. An official said they are closely monitoring the cost of oil and gasoline and are "using every tool at our disposal to address anti-competitive practices in U.S. and global energy markets to ensure reliable and stable energy markets." They have raised the concern at a senior level with several members of the OPEC+ alliance.

Gasoline exports from Europe to the U.S. East Coast were set to slow down further this week due to weaker arbitrage opportunities. Last week, about 73,000 tons of fuel were expected on the transatlantic route. September's exports reached 1.08 million tons, down from 1.32 million tons in the previous month.

Chevron Corp redeployed all personnel and restored full production at all of its Gulf of Mexico facilities that were shut in for Hurricane Ida.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.8 million bpd of capacity in the week ending October 15<sup>th</sup>, decreasing available refining capacity by 330,000 bpd. Offline capacity is expected to fall to about 1.6 million bpd in the week ending October 22<sup>nd</sup>.

Euroilstock reported that European crude oil stocks and oil product stocks in September fell by 1.1% on the month and by 7.2% on the year to 1.09 billion barrels. European crude oil stocks in September fell by 0.7% on the month and by 8.6% on the year to 455.37 million barrels, while its gasoline stocks fell by 4.3% on the month and by 4.1% on the year to 107.27 million barrels and its middle distillates stocks in September fell by 1.4% on the month and by 7.1% on the year to 433.13 million barrels. European fuel oil stocks in September increased by 3% on the month but fell by 3.6% on the year to 65.13 million barrels, while its naphtha stocks remained unchanged on the month but fell by 5.8% on the year to 30.8 million barrels. European refinery crude intake in September fell by 1.1% on the month but increased by 6.4% on the year to 9.29 million bpd.

**Early Market Call - as of 8:20 AM EDT**

WTI - Nov \$80.97 up 45 cents  
 RBOB - Nov \$2.3888 up 1.09 cents  
 HO - Nov \$2.5181 up 31 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	2.515	0.0413	0.0784
Dec-21	2.5058	0.0412	0.0755
Jan-22	2.4922	0.0412	0.0721
Feb-22	2.4729	0.0408	0.0698
Mar-22	2.4473	0.0399	0.067
Apr-22	2.4177	0.0392	0.0627
May-22	2.3968	0.0389	0.0593
Jun-22	2.3812	0.0388	0.0572
Jul-22	2.3713	0.038	0.0546
Aug-22	2.3627	0.0371	0.0514
Sep-22	2.3561	0.0363	0.0448
Oct-22	2.3505	0.0357	0.0458
Nov-22	2.3441	0.0352	0.0431
Dec-22	2.3365	0.0346	0.0405
Jan-23	2.3289	0.034	0.0382
Feb-23	2.315	0.0334	0.0355
Mar-23	2.2961	0.0329	0.0325

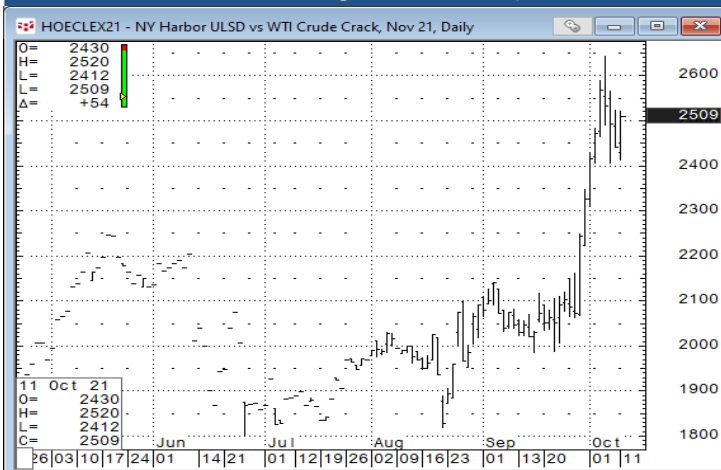
### Settlements

		Close	Change
Crude - WTI	Dec Brent-	\$79.9200	\$1.1600
Crude - Brent	WTI Spread	\$83.6500	\$1.2600
Natural Gas	\$3.73	\$5.3450	-\$0.2200
Gasoline		\$2.3779	\$0.0117

### ICE December Brent-WTI Spread



## November Heating Oil Crack Spread



## November RBOB Crack Spread

