

Market Commentary

Recap: Oil futures initially rallied on Monday, hitting their highest level in seven years, as global supplies remain tight amid rising demand as economies recover from the coronavirus pandemic that stretches across the globe. December Brent climbed as much as \$1.16, or 1.4%, to a session high of \$86.56 per barrel, a three-year high for a spot month contract. December WTI crude futures rose \$1.65, or 1.9%, to \$85.41 a barrel, after climbing 1.5% on Friday. This is the highest level for a spot month contract since October 2014. A lack of follow-through above the \$85 ignited a profit taking sell-off, which pushed WTI back down to the unchanged mark. The December contract settled at \$83.76, unchanged on the day, while December Brent posted a 46 cent gain, to settle at \$85.99 a barrel. November RBOB tacked on 1.4% to \$2.516 a gallon and November heating oil added 1% to \$2.565 a gallon.

Technical Analysis: With moving oscillators set high in overbought territory, the likelihood of a pullback in WTI is becoming more apparent, but the underlying fundamentals are leaning toward a higher market. OPEC and its allies remain committed to their agreed upon production deal and will not be adding more barrels than that to the market. With the fundamentals providing strength to the upside, we would still be buyers on dips. Support is set at the \$82 and \$80 levels. To the upside resistance is seen at \$86 and above that at \$87.95.

Fundamental News: Goldman Sachs said a strong rebound in global oil demand could push Brent crude oil prices above its year-end forecast of \$90/barrel. The bank said worldwide oil demand has surpassed 99 million bpd and expects oil demand to soon reach pre-COVID-19 levels of around 100 million bpd as consumption in Asia rebounds after the Delta COVID-19 wave. In addition, the bank estimated gas-to-oil switching may contribute at least 1 million bpd to oil demand. It stated that "we would need prices to rise to \$110/barrel to stifle demand enough to balance the market deficit we currently see in 1Q22 given our expectation that OPEC+ continues on the current path of 400,000/bpd per month increases in quotas." In regards to China, Goldman said "Despite the recent power cuts and impacts to industrial activity in China, oil demand is likely instead supported by switching to diesel powered generators and diesel engines in LNG trucks, as well as by a ramp up in coal production."

Saudi Arabia's Energy, Prince Abdulaziz bin Salman, said that producers should not take the increase in prices for granted. The stance was echoed by both Nigeria and Azerbaijan.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1.7 million bpd of capacity in the week ending October 29th, increasing available refining capacity by 567,000 bpd. Offline capacity is expected to decline to about 1.2 million bpd in the week ending November 5th.

Russia's Deputy Prime Minister, Alexander Novak, expects OPEC+ to increase its output by 400,000 bpd at the November 4th meeting, as previously agreed. He said he expects oil demand to reach a pre-pandemic level by the end of next year but said it was difficult to predict if oil prices will hit record highs as gas prices have done.

Early Market Call - as of 8:05 AM EDT

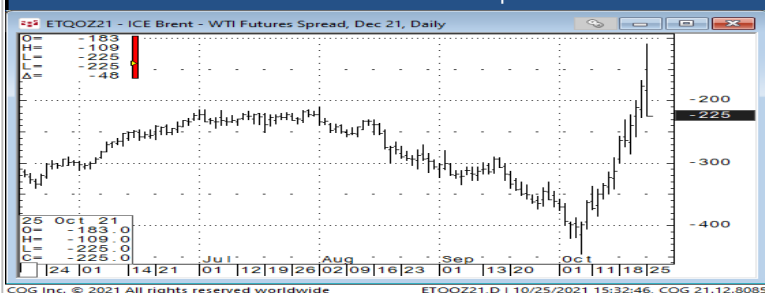
WTI - Dec \$84.13, up 37 cents
 RBOB - Nov \$2.5332, up 1.70 cents
 HO - Nov \$2.5739, up 91 points

All NYMEX | Prior Settlements

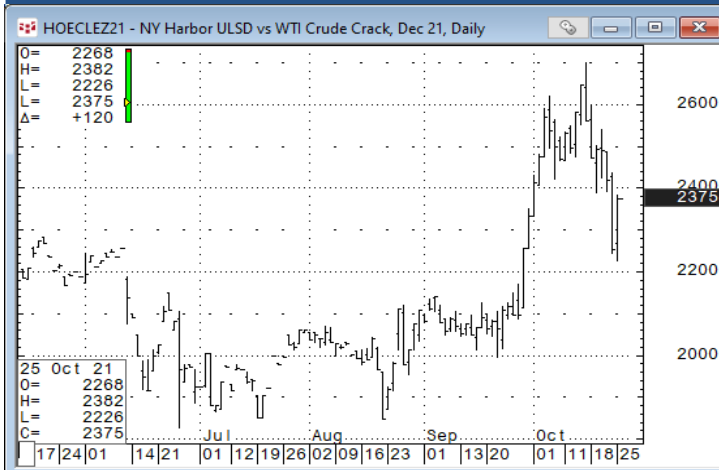
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	2.5647	0.0258	0.0155
Dec-21	2.5572	0.026	0.0164
Jan-22	2.5428	0.0249	0.0138
Feb-22	2.5195	0.0234	0.0096
Mar-22	2.4886	0.0217	0.0066
Apr-22	2.452	0.0205	0.0045
May-22	2.4249	0.0198	0.0024
Jun-22	2.4046	0.0188	-0.0001
Jul-22	2.3918	0.0184	-0.002
Aug-22	2.381	0.0181	-0.0035
Sep-22	2.3735	0.018	-0.011
Oct-22	2.3672	0.018	-0.0047
Nov-22	2.3614	0.0183	-0.0042
Dec-22	2.355	0.0185	-0.0036
Jan-23	2.3475	0.0182	-0.0038
Feb-23	2.3331	0.0181	-0.0039
Mar-23	2.3137	0.0184	-0.0037

Settlements			
		Close	Change
Crude - WTI	Dec Brent-	\$83.7600	\$0.0000
Crude - Brent	WTI Spread	\$85.9900	\$0.4600
Natural Gas	\$2.23	\$5.8980	\$0.6180
Gasoline		\$2.5162	\$0.3410

ICE December Brent-WTI Spread



December Heating Oil Crack Spread



December RBOB Crack Spread

