

Market Commentary

Recap: Oil futures jumped ahead of the EIA weekly inventory report, which is expected to show an increase of 1.9 million barrels in U.S. crude oil inventories. Spurred higher by OPEC+'s decision to hold steady on its output levels, while demand is expected to increase. Adding to the strength in the market is speculation that the Biden administration may pull the plug on any plans to release crude oil from the U.S. strategic reserves. Oil prices have skyrocketed this year with a global economic recovery boosting consumption while crude production returns at a more modest pace. The Energy Information Administration's view that global production growth will outpace oil consumption and ease market pressure isn't shared universally. Oil futures continued to climb after the settlement period, with December WTI reaching a session high of \$84.53 a barrel, a gain of 2.8% before settling at \$84.15, up \$2.22, or 2.71%. Brent for January delivery reached a session high of \$84.86 a barrel before settling at \$85, up \$1.35, or 1.6%. Both Brent and WTI settled at their highest level in two-weeks. December gasoline tacked on 2.3% to \$2.375 a gallon and December heating oil added 1.7% to \$2.508 a gallon.

Market Outlook: December WTI reversed early losses, to push past \$81.83, the pivotal area we wrote about on Monday, and continued to work its way back into the ascending channel. The up move is gaining momentum on tight supplies amid hopes of increasing demand. The strong pre-settlement rally pushed the near-term range to the upside, with \$85 being the initial upside objective. Above this level, additional resistance rests at \$88. A trade below \$81.83 will shift the near-term sentiment, with support below this level resting at \$80 and below that at \$78 and \$75.

Fundamental News: According to a White House official, the Biden administration will not announce an SPR release on Tuesday.

In its Short Term Energy Outlook, the EIA increased its oil demand growth estimate for 2021 by 60,000 bpd to 5.11 million bpd. However, it cut its 2022 world oil demand growth forecast by 130,000 bpd to 3.35 million bpd. World petroleum demand is forecast to total 97.53 million bpd in 2021 and 100.88 million bpd in 2022. Total world petroleum supply is expected to increase by 1.78 million bpd to 95.97 million bpd in 2021 and by 5.45 million bpd to 101.42 million bpd in 2022. OPEC output is estimated to increase by 740,000 bpd to 26.34 million bpd in 2021 and by 2.03 million bpd to 28.37 million bpd in 2022. The EIA reported that U.S. crude oil output is expected to fall by 150,000 bpd to 11.13 million bpd in 2021 compared with a fall of 260,000 bpd forecast in October. U.S. crude output is expected to increase by 770,000 bpd to 11.9 million bpd in 2022, compared with a previous estimate of an increase of 710,000 bpd. U.S. liquid fuels consumption is expected to increase by 1.49 million bpd in 2021, compared with a previous forecasted increase of 1.48 million bpd. Demand in 2022 is expected to increase by 690,000 bpd to 20.37 million bpd, compared with an increase of 760,000 bpd forecast last month.

Al-Arabiya TV cited Saudi Aramco's Chief Executive Officer, Amin Nasser, as saying that oil demand is expected to exceed 100 million barrels per day in 2022. He said global oil spare production capacity could diminish next year as air passengers return to the skies, removing an important cushion of about 3-4 million bpd that the market is currently enjoying.

Goldman Sachs reiterated its prediction of a commodities supercycle driven by a recovery from the COVID-19 pandemic and stimulus measures which will increase demand.

Vitol's CEO, Russell Hardy, said the oil market is still in a tight situation and will remain reasonably tight for the next 12 months. He said the U.S. SPR release would relieve some year-end stress but added that oil supply will be tight for 2022.

Early Market Call - as of 9:25 AM EDT

WTI - Dec \$84.07, down 8 cents

RBOB - Dec \$2.3600, down 1.57 cents

HO - Dec \$2.5062, down 21 points

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-21	\$2.5081	\$0.0410	-\$0.0001
Jan-22	\$2.4940	\$0.0403	\$0.0003
Feb-22	\$2.4698	\$0.0388	-\$0.0002
Mar-22	\$2.4403	\$0.0372	-\$0.0003
Apr-22	\$2.4056	\$0.0353	\$0.0010
May-22	\$2.3804	\$0.0342	\$0.0034
Jun-22	\$2.3631	\$0.0323	\$0.0047
Jul-22	\$2.3533	\$0.0309	\$0.0063
Aug-22	\$2.3452	\$0.0297	\$0.0070
Sep-22	\$2.3394	\$0.0283	\$0.0012
Oct-22	\$2.3354	\$0.0271	\$0.0066
Nov-22	\$2.3323	\$0.0265	\$0.0069
Dec-22	\$2.3285	\$0.0257	\$0.0074
Jan-23	\$2.3234	\$0.0253	\$0.0082
Feb-23	\$2.3111	\$0.0249	\$0.0094
Mar-23	\$2.2932	\$0.0243	\$0.0107
Apr-23	\$2.2714	\$0.0238	\$0.0129

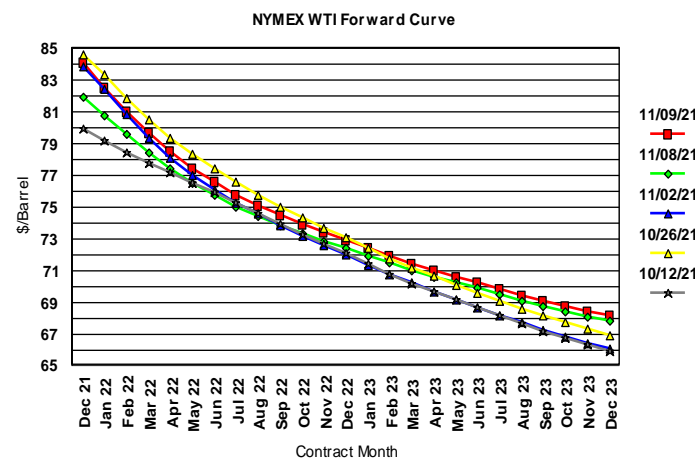
Settlements

		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$2.22	\$82.5600	\$1.8200
Crude - Brent		\$84.7800	\$1.3500
Natural Gas		\$4.9790	-\$0.4480
Gasoline		\$2.3752	\$0.0530

API Report for the Week Ending November 5, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Down 2.485 million barrels	Up 2.1 million barrels
Cushing, OK Crude Stocks	Up 234,000 barrels	
Gasoline Stocks	Down 4.5 million barrels	Down 1.2 million barrels
Distillate Stocks	Down 3.3 million barrels	Down 1.1 million barrels
Refinery Runs		Up 0.8%

WTI Forward Curve



8-14 Day Weather Forecast

