

## Market Commentary

**Recap:** Oil futures rose to fresh seven year highs on Tuesday after closing in overbought territory on Monday. Oil prices were still gaining on the news that OPEC and its allies declined to take up a plan that would send more oil into global markets. The oil cartel will instead keep its current pace and release an additional 400k barrels a day in November versus an additional 800k per day, which some analysts had expected. The price of oil is also responding to global economic activity, as countries move to lift strict COVID restrictions that were put in place to stem the spread of the pandemic. A sharp rise in natural gas prices is also helping feed the higher oil prices, as some utility operators switch to oil to produce energy. Natural gas rose nearly 35% in September versus crude oil's 9.53% gain. Adding to the mix is the fact that we are entering the heating season in the Northern Hemisphere. This puts both natural gas and crude oil prices on course to continue higher over the next several weeks. November WTI settled at \$78.93 a barrel, up \$1.31, or 1.69%, while December Brent added \$1.30, up 1.6% to settle at \$82.56 a barrel. Petroleum products also gained, with November RBOB adding 0.494 cents, to settle at \$2.3579 a gallon, while November heating oil settled at \$2.4936 a gallon, up .0570 cents.

**Market Outlook:** Just four days into the month of October, crude oil prices have risen 4%, which follows an almost 10% gain in September. This is most certainly a bullish start into peak heating season, and puts the \$80 level for WTI in sight. The overtaking of the July 2021 high of \$76.98 in WTI now puts this level at an area of support. Given how quick this market has moved up, combined with the fact that moving oscillators are in overbought territory, we would not discount a bit of a retracement, where we would look to be buyers on dips. Should this market trade below the 50-day moving average, the trend will shift to the downside. Above \$80, additional resistance is set at \$81.15. On the downside and below \$76.98, additional support is seen at \$75.

**Fundamental News:** Bloomberg calculations of U.S. Census Bureau data showed that U.S. crude exports, including condensate derived wholly from natural gas, increased to 3.08 million bpd in August from 2.7 million bpd in July. Its total exports stood at 95.3 million barrels in August.

According to the EIA, U.S. retail regular gasoline prices increased 0.4% to \$3.093/gallon in the week ending October 1<sup>st</sup> from \$3.08/gallon in the previous week. The price of diesel fuel increased by 2.1% on the week to \$3.477/gallon from \$3.406/gallon.

Iran's Foreign Ministry spokesman, Saeed Khatibzadeh, said the new government is reviewing "why the previous talks did not reach a satisfactory phase" and will announce when talks will resume once its review is complete. He said Iran is setting "no preconditions" for nuclear talks. Iran's Oil Minister, Javad Owji, said removing sanctions from Iran's hydrocarbon sector would be key to resolving a global energy crisis that has affected supplies in many Western countries. Standard Chartered analysts forecast Brent crude prices in 2022 at \$67/barrel, up from a previous forecast of \$59/barrel after OPEC+ decided to maintain a gradual supply increase. It said the 400,000 bpd increase was not surprising and it expects to see another increase when it meets in November.

Oil trader Pierre Andurand's hedge funds are reporting gains, with one of his funds returning 50% even before a surge in September. The gains by is Andurand Commodities Discretionary Enhanced Fund follow last year's 154% increase. His older Andurand Commodities Fund, which returned 68.6% last year was up 25.7%. He said he remains bullish on European gas, carbon and Germany power markets and predicted higher oil prices supported by declining inventories, strong OPEC+ compliance, muted supply response from U.S. shale producers and unexpected demand increases sparked by gas shortage.

**Early Market Call - as of 8:00 AM EDT**  
 WTI - Nov \$78.26, down 68 cents  
 RBOB - Nov \$ 2.3370, down 2.09 cents  
 HO - Nov \$2.4856, down 88 points

## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	\$2.4936	\$0.0570	\$0.2076
Nov-21	\$2.4863	\$0.0560	\$0.2044
Dec-21	\$2.4751	\$0.0550	\$0.2015
Jan-22	\$2.4565	\$0.0534	\$0.1979
Feb-22	\$2.4317	\$0.0514	\$0.1929
Mar-22	\$2.4037	\$0.0487	\$0.1867
Apr-22	\$2.3835	\$0.0460	\$0.1814
May-22	\$2.3680	\$0.0440	\$0.1777
Jun-22	\$2.3588	\$0.0421	\$0.1742
Jul-22	\$2.3516	\$0.0403	\$0.1708
Aug-22	\$2.3462	\$0.0386	\$0.1654
Sep-22	\$2.3413	\$0.0366	\$0.1644
Oct-22	\$2.3355	\$0.0345	\$0.1609
Nov-22	\$2.3289	\$0.0329	\$0.1579
Dec-22	\$2.3224	\$0.0317	\$0.1562
Jan-23	\$2.3099	\$0.0304	\$0.1539
Feb-23	\$2.2926	\$0.0290	\$0.1507

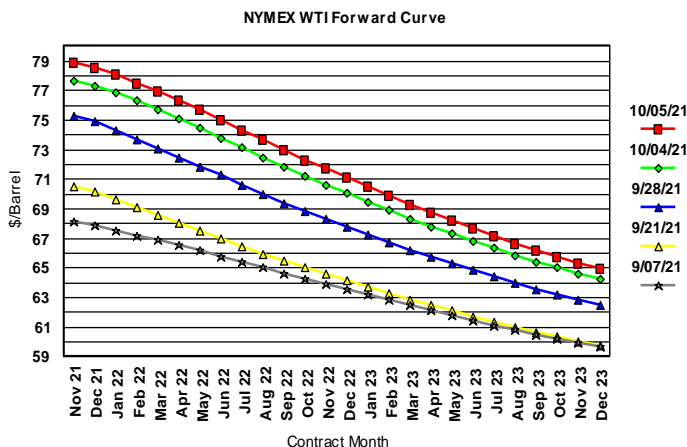
### Settlements

		Close	Change
Crude - WTI	Dec Brent- WTI Spread \$3.99	\$78.5700	\$1.2400
Crude - Brent		\$82.5600	\$1.3000
Natural Gas		\$6.3120	\$0.5460
Gasoline		\$2.3579	\$0.0494

### API Report for the Week Ending September 24, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 951,000 barrels	Unchanged
Cushing, OK Crude Stocks	Up 2 million barrels	
Gasoline Stocks	Up 3.7 million barrels	Down 200,000 barrels
Distillate Stocks	Up 345,000 barrels	Down 1.1 million barrels
Refinery Runs		Up 0.3%

## WTI Forward Curve



## WTI Continuation

