

Market Commentary

Recap: Oil futures retreated from two-week highs on Wednesday after the EIA reported a 1 million barrel build in U.S. crude oil inventories and after President Joe Biden said his administration was looking for ways to reduce energy costs amid a broader increase in inflation. President Biden said he had asked the National Economic Council to work to reduce energy costs and the Federal Trade Commission to push back on market manipulation in the energy sector in a larger push to reverse inflation. December WTI fell \$2.81, or 3.3%, to settle at \$81.34 a barrel after posting gains in each of the last three sessions. Year to date, front-month prices are still up nearly 68%, according to Dow Jones Market Data. January Brent crude lost \$2.14, or 2.5%, at \$82.64 a barrel, snapping a three-session rise. December RBOB declined by 3.3% to \$2.297 a gallon, while December heating oil fell 2.2% to \$2.452 a gallon.

Technical Analysis: It seems like the upside for oil prices is being limited by the Biden administration's threat to release oil from the US strategic reserves, despite it being an artificial increase in supply. This, in conjunction with the 1 million barrel build in US crude oil inventories and a rise in the US dollar, led to a failed attempt by December WTI to take out the \$85 level. As a result, a round of profit taking ensued. Wednesday's outside trading session, followed by a lower close should see prices work lower early in the session on Thursday. That being said, \$80 has proven to be a key level of support, so we do not see WTI going far beyond that point. Resistance is seen at \$82.37, \$83.94 and above that at \$85.

Fundamental News: U.S. President Joe Biden said he has asked the National Economic Council to work to reduce energy costs and the Federal Trade Commission to push back on market manipulation in the energy sector in a larger push to reverse inflation.

The EIA reported that U.S. crude oil stocks held in Cushing, Oklahoma fell last week to the lowest level since September 2018. Cushing stocks fell to 26.4 million barrels. Meanwhile, gasoline stocks fell to 212.7 million barrels, the lowest level since November 2017.

Saudi Arabia's Energy Minister, Prince Abdulaziz bin Salman Al-Saud, said that efforts to combat climate change should not undermine global energy security or shun any particular energy source, and denied the kingdom was hampering international talks on the issue. He added that negotiators should be "conscious of the special circumstances of the Less Developed Countries", some of which have been resisting calls for aggressive moves away from fossil fuels because of the economic costs. He said Saudi Arabia is committed to security and stability of global oil markets while securing safe technologies to manage and reduce carbon emissions. Several officials involved in the Glasgow talks said Saudi Arabia has been obstructing the progress of negotiations toward a strong deal, including by using procedural delay tactics.

Traders and ship-tracking firms said China's imports of Iranian oil have held above 500,000 bpd on average for the last three months, as buyers judge that getting crude at cheap prices outweighs any risks from violating U.S. sanctions.

Saudi Aramco is supplying its full contractual crude supply to at least two buyers in Asia for December.

IIR Energy reported that U.S. oil refiners are expected to shut in about 1 million bpd of capacity in the week ending November 12th, increasing available refining capacity by 488,000 bpd. Offline capacity is expected to fall to 400,000 bpd in the week ending November 19th.

Early Market Call - as of 8:30 AM EDT

WTI - Dec \$80.41, down 92 cents
 RBOB - Dec \$2.2828, down 1.48 cents
 HO - Dec \$2.4277, down 2.45 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Dec-21	\$2.4521	-\$0.0560	\$0.0176
Jan-22	\$2.4383	-\$0.0557	\$0.0177
Feb-22	\$2.4146	-\$0.0552	\$0.0157
Mar-22	\$2.3856	-\$0.0547	\$0.0140
Apr-22	\$2.3515	-\$0.0541	\$0.0134
May-22	\$2.3272	-\$0.0532	\$0.0145
Jun-22	\$2.3112	-\$0.0519	\$0.0153
Jul-22	\$2.3026	-\$0.0507	\$0.0156
Aug-22	\$2.2959	-\$0.0493	\$0.0156
Sep-22	\$2.2913	-\$0.0481	\$0.0110
Oct-22	\$2.2886	-\$0.0468	\$0.0147
Nov-22	\$2.2861	-\$0.0462	\$0.0142
Dec-22	\$2.2828	-\$0.0457	\$0.0146
Jan-23	\$2.2783	-\$0.0451	\$0.0149
Feb-23	\$2.2665	-\$0.0446	\$0.0156
Mar-23	\$2.2492	-\$0.0440	\$0.0163
Apr-23	\$2.2278	-\$0.0436	\$0.0175

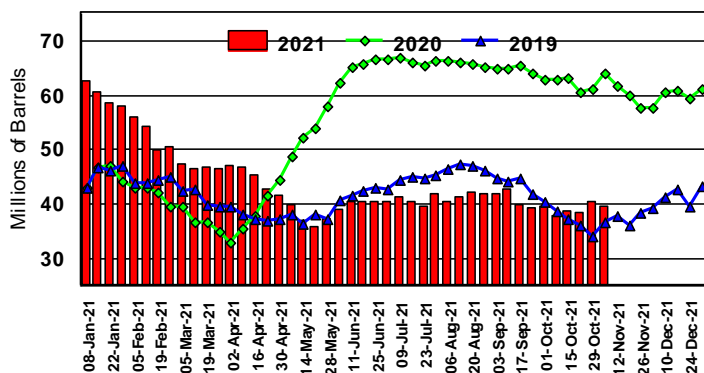
Settlements			
		Close	Change
Crude - WTI	Jan Brent- WTI Spread \$2.58	\$80.0600	-\$2.5000
Crude - Brent		\$82.6400	-\$2.1400
Natural Gas		\$4.8800	-\$0.0990
Gasoline		\$2.2972	-\$0.0780

EIA Working Gas Storage Report

	05-Nov-21	29-Oct-21	Change	05-Nov-20
East	897	899	-2	943
Midwest	1,075	1,071	4	1,126
Mountain	213	213	0	243
Pacific	258	256	2	322
South Central	1,175	1,172	3	1,293
Salt	324	320	4	345
Nonsalt	850	852	-2	948
Total	3,618	3,611	7	3,926

Weekly EIA Petroleum Status Report for the Week Ending November 5, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Up 1.002 million barrels
 Cushing, OK Crude Stocks Down 34,000 barrels
Gasoline Stocks Down 1.555 million barrels
Distillate Stocks Down 2.613 million barrels
Refinery % Operated 86.7%, Up 0.4%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Nov 5, 2021	Week Ending Oct 29, 2021	Week Ending Nov 6, 2020
New England	7.5	7.8	12.9
Central Atlantic	19.2	19.8	34.9
Total PADD #1	39.4	40.5	61.6
Distillate Imports (thousands b/d)	262	169	119