

## Market Commentary

**Recap:** Crude oil prices finished mixed on Monday after both blends retreated from multiyear highs on tight supply concerns. Trading was mixed as U.S. industrial output for September fell, tempering early enthusiasm about demand. However, WTI held onto gains on concerns that demand is outpacing supplies as the global economic recovery from the pandemic continues. The recent rise in prices raised the potential for demand destruction in the energy markets. November WTI added 16 cents, or 0.2%, to settle at \$82.44 a barrel, after trading as high as \$83.87. December Brent fell 53 cents or 0.6% to settle at \$84.33 a barrel. November RBOB finished close to unchanged at \$2.487 a gallon, while November heating oil lost nearly 1% to \$2.549 a gallon.

**Technical Analysis:** The fundamentals of this market remain constructive in the short term, amid supply concerns and the gradual recovery of the global economy. OPEC and its allies appear to be adhering to their plan of gradually increasing production, adding to the tightening supply situation. If a return in global demand appears to be faster than that of supply, as we are getting close to the winter season and its cooler temperatures, more shipping and other requirements are needed. So far, oil prices are up 70% since the start of 2021. At this point, we could start to see some signs of exhaustion and could see a pullback toward the \$75 area. Buying on dips still appears to be the play right now, but should we get below \$75, we would rethink this play. Above \$85, we would expect to see an acceleration of the up move.

**Fundamental News:** The White House said the United States continues to press OPEC members on the oil supply issue as Americans grappled with rising fuel prices. White House spokeswoman, Jen Psaki, said the U.S. government is also addressing the logistics of energy supplies as well as possible price gouging.

Iraq's Oil Ministry spokesman said that an oil price above \$80/barrel is "a positive indicator" but needs long term stability. The oil ministry cited Asim Jihad on its Telegram channel as also saying that Iraq aims to achieve the highest financial revenues by committing to the OPEC+ agreement. He added that the challenges of the global oil market are still present due to not fully containing the coronavirus and its variants.

A spokeswoman for the European Union, Nabila Massrali, said a meeting planned for this week between the European Union and Iran in Brussels to address the impasse over reviving the 2015 nuclear deal, will not take place on Thursday. The European Union's top diplomat, Josep Borrell, said there would be no nuclear talks between EU and Iranian diplomats in Brussels on Thursday. On Sunday, an Iranian lawmaker who had been briefed by Iran's Foreign Minister, Hossein Amirabdollahian, had stated the meeting, which involves Iranian officials and top EU envoy, Enrique Mora, would happen on October 21<sup>st</sup>. Separately, Iranian Foreign Ministry spokesman, Saeed Khatibzadeh, said talks between Iran and world powers were suspended in June "with differences" and without compromise, when asked if the new government will continue where the previous administration left off.

The Joint Organizations Data Initiative reported that Saudi Arabia's crude oil exports in August increased by 2% on the month to 6.450 million bpd from 6.327 million bpd in July. It increased by 8% on the year from 5.97 million bpd. Saudi Arabia's crude oil output in August increased by 88,000 bpd to 9.562 million bpd. The JODI also reported that Saudi Arabia's crude oil stocks fell by 1.941 million barrels to 133.164 million barrels in August. Its domestic refinery crude throughput increased by 640,000 bpd to 2.521 million bpd and its direct crude burn fell by 37,000 bpd to 654,000 bpd in August.

Three OPEC+ sources stated that OPEC+ compliance with oil cuts fell slightly to 115% in September. The figure shows that some members continue to struggle to produce at their agreed quota levels due to various technical problems.

**Early Market Call - as of 8:50 AM EDT**

WTI - Nov \$83.06, up 60 cents

RBOB - Nov \$2.4820, up 48 points

HO - Nov \$2.5532, up 36 points

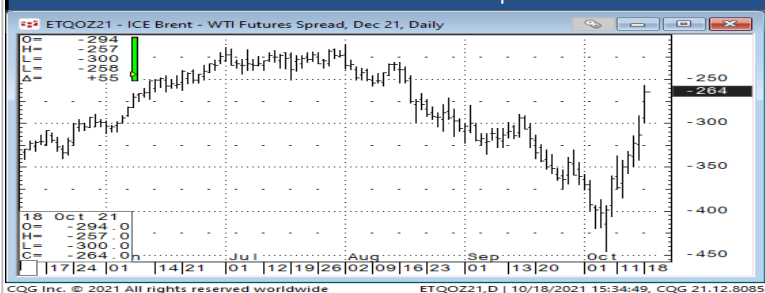
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	\$2.5492	-\$0.0245	\$0.0342
Dec-21	\$2.5408	-\$0.0233	\$0.0350
Jan-22	\$2.5290	-\$0.0215	\$0.0368
Feb-22	\$2.5099	-\$0.0197	\$0.0370
Mar-22	\$2.4820	-\$0.0187	\$0.0347
Apr-22	\$2.4475	-\$0.0180	\$0.0298
May-22	\$2.4225	-\$0.0173	\$0.0257
Jun-22	\$2.4047	-\$0.0165	\$0.0235
Jul-22	\$2.3938	-\$0.0159	\$0.0225
Aug-22	\$2.3845	-\$0.0151	\$0.0218
Sep-22	\$2.3778	-\$0.0146	\$0.0151
Oct-22	\$2.3719	-\$0.0143	\$0.0214
Nov-22	\$2.3656	-\$0.0145	\$0.0215
Dec-22	\$2.3586	-\$0.0151	\$0.0221
Jan-23	\$2.3513	-\$0.0148	\$0.0224
Feb-23	\$2.3370	-\$0.0145	\$0.0220
Mar-23	\$2.3174	-\$0.0140	\$0.0213

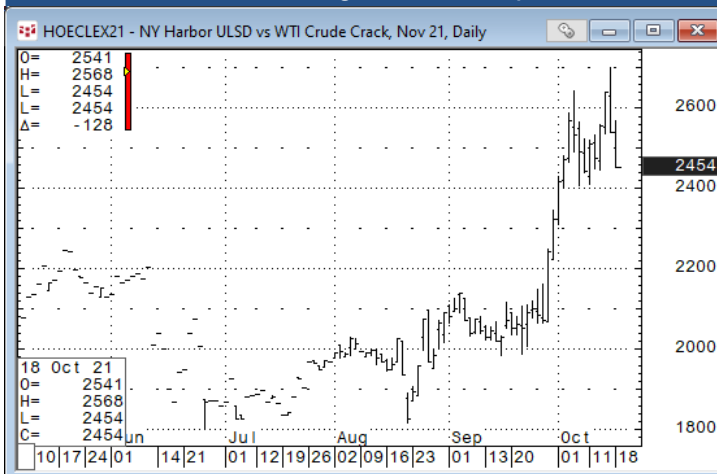
### Settlements

		Close	Change
Crude - WTI	Dec Brent-WTI Spread \$2.64	\$81.6900	-\$0.0400
Crude - Brent		\$84.3300	-\$0.5300
Natural Gas		\$4.9890	-\$0.4210
Gasoline		\$2.4866	\$0.0002

### ICE December Brent-WTI Spread



## November Heating Oil Crack Spread



## November RBOB Crack Spread

