

Market Commentary

All NYMEX | Prior Settlements

Recap: The oil market traded higher in overnight trading ahead of the OPEC+ meeting, posting a high of \$69.24 before it erased some of its gains and started to trend lower. The market, which was holding support at its previous lows, sold off sharply on the comments made by Russia's Deputy Prime Minister, Alexander Novak, that Russia is able to raise its output above the OPEC+ quota. The market sold off sharply to a low of \$67.12, extending its losses to \$1.38. The oil market later bounced off that level following the release of the EIA's weekly petroleum stock report showing a draw of over 7 million barrels in crude stocks. However, the report showed a build in gasoline stocks of close to 1.3 million barrels, which limited the market's recovery. Its gains were also limited as OPEC decided to continue with its existing policy to increase its output by 400,000 bpd. The October WTI contract settled up 9 cents or .13% at \$68.59, while the October Brent contract settled down 4 cents or .06% at \$71.59. The product markets ended the session in negative territory with the heating oil market settling down 13 points at \$2.1289 and the RBOB market settling down 3.1 cents at \$2.1109.

Technical Analysis: The crude oil market on Thursday is seen remaining in its recent trading range as the market awaits for further news on the resumption of refinery output in Louisiana. While the market may retrace some of its losses, its gains will be limited amid the OPEC decision to proceed with its output policy agreed upon in July to increase its production by 400,000 bpd each month. The oil market is seen finding resistance at its high of \$69.24, \$69.34, \$69.64 and \$70.35. Meanwhile, support is seen at its low of \$67.12, \$67.02, \$66.92 and \$65.41.

Fundamental News: On Wednesday, OPEC+ agreed to proceed with its existing policy of gradual oil production increases, which was approved in July. The ministers ratified the 400,000 bpd output increase scheduled for October. OPEC+'s next meeting is scheduled for October 4th.

OPEC+ revised up its 2022 oil demand forecast ahead of a meeting of the oil producing group on Wednesday, amid U.S. pressure to increase its output more quickly to support the global economy. Two OPEC+ sources said the group's experts revised the 2022 oil demand growth forecast to 4.2 million bpd, up from the previous forecast of 3.28 million bpd. OPEC+ expects global oil demand to grow by 5.95 million bpd in 2021 after a record drop of about 9 million bpd in 2020 because of the COVID-19 pandemic. Sources said the meeting was likely to roll over existing policies despite pressure from the United States to pump more oil. However, the higher demand forecast strengthens the case for a speedier output increases by OPEC+ as benchmark Brent crude traded above \$72/barrel, close to multi-year highs.

The Bureau of Safety and Environmental Enforcement said over 1.4 million bpd of oil production or 80% of capacity and 1.88 bcf/d of natural gas output or 83% of capacity were still shut on Wednesday in the U.S. Gulf of Mexico after Hurricane Ida made landfall in the Louisiana's coast.

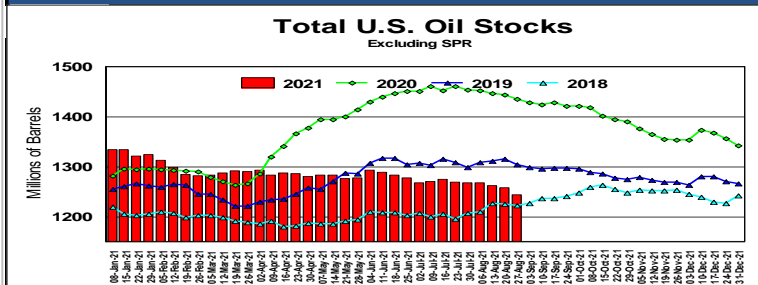
Refineries that were in the path of Hurricane Ida could take weeks to resume operations due to widespread power outages. Valero Energy Corp, Marathon Petroleum Corp, Royal Dutch Shell and other refiners along the Mississippi River near New Orleans are still assessing damages and trying to figure out when they can come back online. Restarting the facilities, which account for about 25% of the Gulf Coast's oil refining capacity, will depend on the effort to restore the region's power.

Early Market Call - as of 8:20 AM EDT

WTI - Oct \$68.90, up 32 cents
RBOB - Oct \$2.1400, up 1.10 cents
HO - Oct \$2.1250, up 1.41 cents

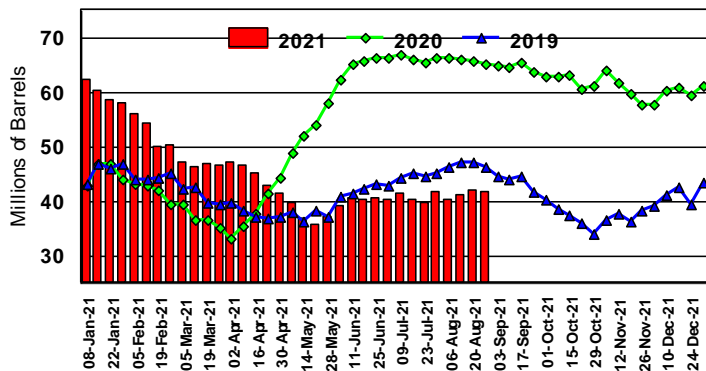
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	\$2.1289	-\$0.0013	\$0.0108
Nov-21	\$2.1240	-\$0.0002	\$0.0097
Dec-21	\$2.1185	-\$0.0006	\$0.0093
Jan-22	\$2.1137	-\$0.0003	\$0.0103
Feb-22	\$2.1056	\$0.0000	\$0.0109
Mar-22	\$2.0931	\$0.0006	\$0.0100
Apr-22	\$2.0751	\$0.0014	\$0.0090
May-22	\$2.0627	\$0.0022	\$0.0082
Jun-22	\$2.0540	\$0.0027	\$0.0078
Jul-22	\$2.0523	\$0.0031	\$0.0074
Aug-22	\$2.0518	\$0.0034	\$0.0073
Sep-22	\$2.0520	\$0.0035	\$0.0075
Oct-22	\$2.0530	\$0.0037	\$0.0068
Nov-22	\$2.0533	\$0.0038	\$0.0067
Dec-22	\$2.0522	\$0.0041	\$0.0062
Jan-23	\$2.0514	\$0.0040	\$0.0061
Feb-23	\$2.0450	\$0.0040	\$0.0051

Sprague HeatCurve October 2021-April 2022		\$2.1087
	Close	Change
Crude - WTI	\$68.3200	\$0.0600
Crude - Brent	\$71.5900	\$0.0400
Natural Gas	\$4.3700	\$0.1860
Gasoline	\$2.1109	-\$0.0310



Weekly EIA Petroleum Status Report for the Week Ending August 27, 2020

Distillate Stocks PADD #1



Overall U.S. Stats

Crude Oil Stocks(excluding SPR) Down 7.169 million barrels
Cushing, OK Crude Stocks Up 836,000 barrels
Gasoline Stocks Up 1.29 million barrels
Distillate Stocks Down 1.732 million barrels
Refinery % Operated 91.3%, Down 1.1%

PADD #1

Distillate Stocks (in million bbls)	Week Ending Aug 27, 2021	Week Ending Aug 20, 2021	Week Ending Aug 28, 2020
New England	7.1	7.5	12.3
Central Atlantic	20.5	20.0	38.4
Total PADD #1	41.8	42.1	64.8
Distillate Imports (thousands b/d)	282	254	127