

Market Commentary

Recap: The oil market on Thursday posted an inside trading day as it erased some of Wednesday's gains and remained in negative territory for much of the day. Following a three-day rally, the market was pressured by renewed concerns over demand amid the rising COVID-19 cases and as Mexico restored some of its shut in production following the weekend fire at a platform. The crude market opened basically unchanged and quickly traded to \$68.15. However, the market erased some of its gains and traded to \$67.09 in morning trading, settling in a sideways trading pattern for much of the day. The market later posted a high of \$68.31 amid the reports of the evacuation of U.S. offshore oil workers and output shut ins ahead of a storm in the Gulf of Mexico that could become a major hurricane before making landfall between Texas and Louisiana late Sunday or early Monday morning. The market then posted a low of \$67.02 ahead of the close despite the news of the shut ins ahead of the storm. The October WTI contract settled down 94 cents or 1.38% at \$67.42 while the Brent contract settled down \$1.18 or 1.63% at \$71.07. The product markets ended the session in negative territory, with the heating oil market settling down 3.5 cents at \$2.0832 and the RBOB market settling down 4.54 cents at \$2.2554.

Technical Analysis: The crude market on Friday is seen trading higher, with traders positioning themselves ahead of the storm brewing the Gulf of Mexico as energy companies evacuate their workers off platforms and shut in production. The market is seen finding initial resistance at its highs of \$68.31 and \$68.54, followed by \$69.36, its 50% retracement level off a low of \$61.74 to a high of \$76.98, and \$71.16, its 62% retracement level. Support is seen at its low of \$67.02, \$66.92, \$66.30, \$65.41, \$65.00, \$63.76 and \$61.74.

Fundamental News: The U.S. National Hurricane Center said tropical depression 9 has formed over the west-central Caribbean Sea and is forecast to approach the U.S. northern Gulf coast this weekend. The depression, currently about 115 miles south-southwest of Negril, Jamaica, with maximum sustained winds of 35 mph, is expected to move over the southeastern and central Gulf of Mexico Friday night and Saturday and possibly hit Louisiana or Texas late Sunday or early Monday. The storm's winds are forecast to peak at 110 mph, which would put it just below a Category 3 storm.

The Louisiana Offshore Oil Port said it is executing an inclement weather plan. It is closely monitoring the Atlantic weather disturbance.

Chevron Corp said it is moving non-essential personnel from its Gulf of Mexico facilities ahead of the approaching storm. It said production at the platforms remain at normal levels. Chevron also said it is following its storm preparedness procedures at its onshore locations.

Royal Dutch Shell said it started evacuating non-essential personnel from its offshore U.S. Gulf of Mexico assets ahead of a storm expected to enter the Gulf this weekend.

Norway's Equinor said it was evacuating its offshore workers from its Titan oil production platform in the U.S. Gulf of Mexico.

BHP is preparing to evacuate staff from the Shenzi oil production platform in the U.S. Gulf of Mexico by Friday. It plans to shut in oil and gas output at the platform.

The U.S. EPA sent annual biofuel blending mandates to the White House's Office of Management and Budget for review. The EPA is expected to recommend lowering the mandate for 2021 to reflect weaker demand during the COVID crisis while increasing the mandate for 2022.

Exxon Mobil Corp said its 520,000 bpd Baton Rouge refinery has begun making preparations for severe weather as the U.S. National Hurricane Center forecast a hurricane will strike the Louisiana coast within days.

Early Market Call - as of 8:05 AM EDT

WTI - Oct \$68.77, up \$1.35

RBOB - Sep \$2.2919, up 3.65 cents

HO - Sep \$2.1004, up 1.72 cents

All NYMEX | Prior Settlements

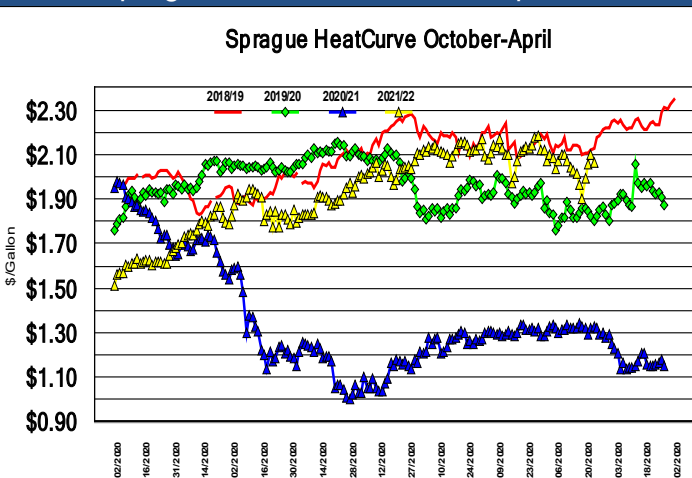
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Sep-21	\$2.0832	-\$0.0350	\$0.1142
Oct-21	\$2.0811	-\$0.0370	\$0.1097
Nov-21	\$2.0772	-\$0.0371	\$0.1054
Dec-21	\$2.0725	-\$0.0367	\$0.1026
Jan-22	\$2.0670	-\$0.0364	\$0.0996
Feb-22	\$2.0584	-\$0.0363	\$0.0973
Mar-22	\$2.0464	-\$0.0367	\$0.0949
Apr-22	\$2.0290	-\$0.0371	\$0.0909
May-22	\$2.0172	-\$0.0373	\$0.0871
Jun-22	\$2.0092	-\$0.0370	\$0.0845
Jul-22	\$2.0079	-\$0.0370	\$0.0823
Aug-22	\$2.0075	-\$0.0370	\$0.0807
Sep-22	\$2.0079	-\$0.0370	\$0.0811
Oct-22	\$2.0090	-\$0.0372	\$0.0782
Nov-22	\$2.0093	-\$0.0373	\$0.0770
Dec-22	\$2.0084	-\$0.0376	\$0.0759
Jan-23	\$2.0080	-\$0.0373	\$0.0751

Sprague HeatCurve October 2021-April 2022		Close	Change
Crude - WTI	Oct Brent-	\$67.4200	-\$0.9400
Crude - Brent	WTI Spread	\$71.0700	-\$1.1800
Natural Gas	\$3.65	\$4.1840	\$0.2870
Gasoline		\$2.2554	-\$0.0454

EIA Working Gas Storage Report

	20-Aug-21	13-Aug-21	Change	20-Aug-20
East	661645	16771		
Midwest	790765	25901		
Mountain	188188	0212		
Pacific	241240	1307		
South Central	970984	141,223		
Salt	229244	15334		
Nonsalt	742741	1889		
Total	2,8512,822	293,414		

Sprague HeatCurve October-April



ICE October Brent-WTI Spread

