

Market Commentary

Recap: Oil futures bounced off of session lows in early morning trading on Tuesday, but lacked the momentum to recapture fresh seven year highs made on Monday. An early gain in natural gas prices sparked the day's rally in crude oil futures, but as the dollar strengthened, dollar denominated commodities slipped. Traders are awaiting the release of the EIA report, which is expected to show a build of 1.9 million in crude oil stockpiles, while all eyes will be on stockpiles stored at Cushing, OK, as in recent weeks, sharp drawdowns in this NYMEX delivery hub has led to huge moves in time spreads for oil benchmarks as traders pay premiums for more immediate supply. The Organization of Petroleum Exporting Countries and its allies are due to gather next week to assess output policy. Nigeria joined fellow OPEC+ member Saudi Arabia this week in saying the group must resist pressure to raise oil production faster until the coronavirus pandemic abates. December WTI added 89 cents, or 1.1%, to settle at \$84.65 a barrel, this is the highest settlement for a spot contract since Oct. 13, 2014, according to Dow Jones Market Data. December Brent settled at \$86.40 a barrel, up 41 cents, or 0.5%. November RBOB settled up a fraction of a cent at \$2.517 a gallon, while November heating oil tacked on 0.5%, to \$2.577 a gallon.

Market Outlook: The main trend for oil prices remains to the upside, with a push above \$85.41 leading to further upside movement. A sustained move above the 10-day moving average, which is currently set at \$82.44 for the December WTI contract, will keep buyers around. Buyers above \$85.41 will add strength to this market, with the upside near-term objective being \$87.95. Should we get a break below the 10-day moving average, we would look for a drop toward the \$80 level. A trade below this level will switch the main trend to the downside, with the possibility of hitting \$75.

Fundamental News: According to the EIA, U.S. retail regular gasoline prices increased to \$3.279/gallon in the week ending October 22nd from \$3.225/gallon in the previous week. Meanwhile, the U.S. retail diesel price increased by 1.1% on the week to \$3.713/gallon from \$3.671/gallon.

Kpler shipping data shows that around 1.38 million barrels of gasoline were expected to load from Northwest Europe for export to the United States Atlantic Coast in the week starting October 25th, up 440,000 barrels on the week prior and marking the third consecutive week if increasing exports. But total exports in October are expected to be half of those exported in September.

Saudi Aramco said a lack of spare capacity globally is a major concern. Saudi Aramco's chief executive officer, Amin Nasser, said oil output capacity across the world was declining quickly and added that companies need to invest more in production. He said the supply deficit in oil markets could worsen in 2022 if the coronavirus pandemic eases and more people fly. Aramco is investing billions of dollars to increase its daily capacity to 13 million barrels from 12 million barrels. It expects to complete the project by 2027.

Blackstone Inc co-founder, Stephen Schwarzman, said the world is facing energy shortages so severe they could cause social unrest. The chairman of BlackRock Inc, Larry Fink, echoed those comments, stating that there is a high probability of oil soon reaching \$100/barrel, especially with many governments and investors pushing back against investments in fossil fuels.

Negotiators for the United Steelworkers Union and Exxon Mobil Corp met on Tuesday for the first time following a vote by locked-out Beaumont, Texas refinery workers rejecting a company contract offer. Separately, locked-out workers at Exxon Mobil Corp's Beaumont, Texas, refinery will vote between November 12th and December 22nd in a mail-in ballot on whether to remove the United Steelworkers union from representing them.

Early Market Call - as of 8:40 AM EDT

WTI - Dec \$83.56, down \$1.09

RBOB - Nov \$2.4840, down 3.4 cents

HO - Nov \$2.5446, down 3.23 cents

All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-21	\$2.5773	\$0.0126	\$0.0166
Dec-21	\$2.5685	\$0.0113	\$0.0168
Jan-22	\$2.5534	\$0.0106	\$0.0137
Feb-22	\$2.5290	\$0.0095	\$0.0079
Mar-22	\$2.4971	\$0.0085	\$0.0026
Apr-22	\$2.4591	\$0.0071	-\$0.0017
May-22	\$2.4311	\$0.0062	-\$0.0051
Jun-22	\$2.4101	\$0.0055	-\$0.0088
Jul-22	\$2.3965	\$0.0047	-\$0.0115
Aug-22	\$2.3853	\$0.0043	-\$0.0130
Sep-22	\$2.3776	\$0.0041	-\$0.0207
Oct-22	\$2.3713	\$0.0041	-\$0.0139
Nov-22	\$2.3656	\$0.0042	-\$0.0136
Dec-22	\$2.3595	\$0.0045	-\$0.0129
Jan-23	\$2.3522	\$0.0047	-\$0.0128
Feb-23	\$2.3378	\$0.0047	-\$0.0126
Mar-23	\$2.3184	\$0.0047	-\$0.0121

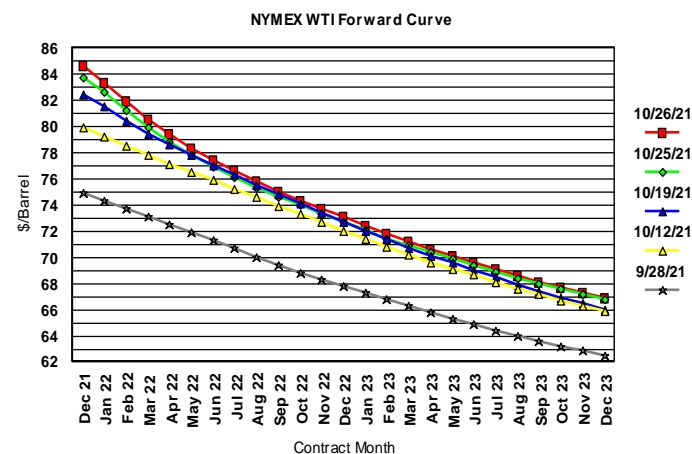
Settlements

		Close	Change
Crude - WTI	Dec Brent-	\$84.6500	\$0.8900
Crude - Brent	WTI Spread	\$86.4000	\$0.4100
Natural Gas	\$1.75	\$5.8820	-\$0.0160
Gasoline		\$2.5168	\$0.0006

API Report for the Week Ending October 22, 2021

	Actual	Mkt Expectations
Crude Oil Stocks(excl SPR)	Up 2.3 million barrels	Up 500,000-1.9 mln barrels
Cushing, OK Crude Stocks	Down 3.7 million barrels	
Gasoline Stocks	Up 530,000 barrels	Down 1.8-1.9 million barrels
Distillate Stocks	Up 986,000 barrels	Down 2.1-2.3 million barrels
Refinery Runs		Up 0.2%, 84.9%

WTI Forward Curve



8-14 Day Weather Forecast

