

## Market Commentary

**Recap:** Crude oil futures rose more than 2% on Wednesday, supported by the 3.5 million barrel draw in U.S. crude oil inventories, which marked the seventh straight week of losses. Meanwhile, U.S. equities surged as worries about China Evergrande Group's debt woes eased. Uncertainty over China's economy is easing, as Beijing moved to alleviate fears of a spiraling debt crisis. Crude prices have increased this month after extreme weather disrupted U.S. supplies, and as a rally in natural gas spurred expectations consumers may switch to oil. Traders were also focused on the U.S. Federal Reserve's latest interest rate decision, with the potential timeline for tapering stimulus measures key for investors. November WTI rose \$1.74, or 2.5%, to settle at \$72.23 a barrel. November Brent added \$1.83, or 2.5%, at \$76.19 a barrel. October RBOB tacked on 0.9% to \$2.124 a gallon and October heating oil rose 1.7% to \$2.212 a gallon.

**Technical Analysis:** Despite recent wobbles from U.S. economic figures, overall demand for fuel has rebounded to pre-pandemic levels. Product supplied over the last four weeks has come in at nearly 21 million barrels per day, not far from 2019's peak. U.S. crude inventories last week fell by 3.5 million barrels to 414 million barrels, the lowest since October 2018, the U.S. Energy Information Administration said on Wednesday. We expect market participants to focus on the tightness in distillate supplies as we get into the winter heating season. November WTI rose above a short-term downward trend line, as it bounced off of the 10-day moving average. Overall, prices should continue to work higher, with WTI stretching toward \$74. Above \$74, there is the psychological resistance level of \$75. Support is seen at \$70.89, and below that at \$69.33.

**Fundamental News:** The U.S. Energy Information Administration said U.S. crude inventories in the week ending September 17<sup>th</sup> fell by 3.5 million barrels to 413.96 million barrels, the lowest level since October 2018. U.S. Midwest crude stocks fell 2.8 million barrels to 111.1 million barrels, the lowest level since September 2018, while Gulf Coast stocks fell by 300,000 barrels to 223.9 million barrels, the lowest level since January 2020. East Coast refinery utilization rates last week increased to 93%, the highest since May 2019.

The global head of commodities research at Goldman Sachs Group, Jeff Currie, said oil prices may increase to \$90/barrel if the winter in the northern hemisphere is colder than normal. The increase would be \$10 higher than the bank's current forecast and would be accompanied by a prolonged period of high natural gas prices.

Genscape reported that crude inventories in the Amsterdam-Rotterdam-Antwerp region in the week ending September 17<sup>th</sup> increased by 573,000 barrels to 54.5 million barrels.

The Bureau of Safety and Environmental Enforcement reported that 294,414 bpd or 16.18% of crude oil production in the Gulf of Mexico remained shut in as of Wednesday, down from 320,909 bpd on Tuesday.

BP said all four of its offshore facilities in the Gulf of Mexico have resumed operations, having been brought back online and producing as of September 12<sup>th</sup> post Hurricane Ida.

IIR Energy reported that U.S. oil refiners are expected to have about 902,000 bpd of capacity in the week ending September 24<sup>th</sup>, increasing available refining capacity by 879,000 bpd. Offline capacity is expected to fall to 693,000 bpd in the week ending October 1<sup>st</sup>.

The U.S. Environmental Protection Agency is proposing big cuts to the country's biofuel blending requirements for the years 2020, 2021 and 2022. The proposal is a win for the industry, which argued for the cuts due to an overall slowdown in fuel demand during the coronavirus pandemic.

**Early Market Call - as of 9:25 AM EDT**

WTI - Nov \$72.33, up 10 cents  
RBOB - Oct \$2.1124, down 1.23 cents  
HO - Oct \$ 2.2043, down 68 points

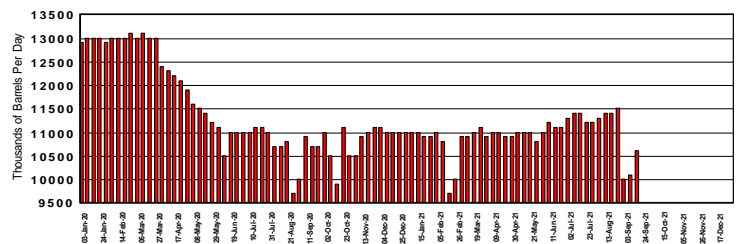
## All NYMEX | Prior Settlements

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Oct-21	\$2.2116	\$0.0378	\$0.0063
Nov-21	\$2.2087	\$0.0377	\$0.0052
Dec-21	\$2.2020	\$0.0369	\$0.0034
Jan-22	\$2.1933	\$0.0362	\$0.0009
Feb-22	\$2.1785	\$0.0348	-\$0.0035
Mar-22	\$2.1581	\$0.0337	-\$0.0080
Apr-22	\$2.1362	\$0.0330	-\$0.0098
May-22	\$2.1210	\$0.0321	-\$0.0111
Jun-22	\$2.1092	\$0.0311	-\$0.0116
Jul-22	\$2.1035	\$0.0299	-\$0.0129
Aug-22	\$2.0997	\$0.0287	-\$0.0142
Sep-22	\$2.0974	\$0.0277	-\$0.0165
Oct-22	\$2.0964	\$0.0268	-\$0.0162
Nov-22	\$2.0944	\$0.0256	-\$0.0175
Dec-22	\$2.0909	\$0.0244	-\$0.0190
Jan-23	\$2.0879	\$0.0238	-\$0.0199
Feb-23	\$2.0798	\$0.0232	-\$0.0205

## Sprague HeatCurve October 2021-April 2022 \$2.1847

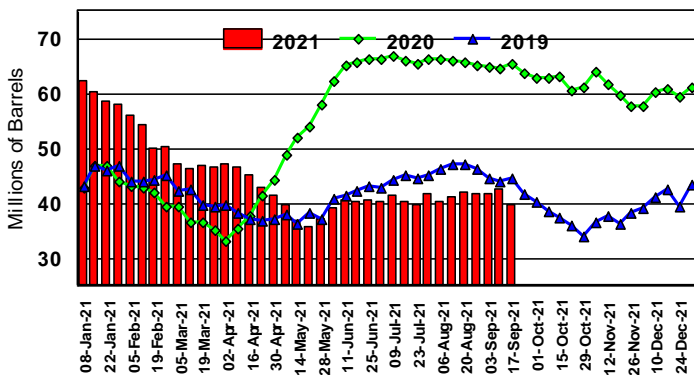
		Close	Change
Crude - WTI	Nov Brent- WTI Spread \$3.96	\$72.2300	\$1.7400
Crude - Brent		\$76.1900	\$1.7400
Natural Gas		\$4.8050	\$0.0000
Gasoline		\$2.1239	\$0.0187

## U.S. Domestic Crude Production



## Weekly EIA Petroleum Status Report for the Week Ending September 17, 2020

### Distillate Stocks PADD #1



### Overall U.S. Stats

**Crude Oil Stocks(excluding SPR)** Down 3.481 million barrels  
Cushing, OK Crude Stocks Down 1.476 million barrels  
**Gasoline Stocks** Up 3.474 million barrels  
**Distillate Stocks** Down 2.554 million barrels  
**Refinery % Operated** 87.5%, Up 5.4%

#### PADD #1

Distillate Stocks (in million bbls)	Week Ending Sep 17, 2021	Week Ending Sep 10, 2021	Week Ending Sep 18, 2020
New England	7.5	7.8	12.5
Central Atlantic	21.6	22.6	37.2
Total PADD #1	39.8	42.7	63.8
Distillate Imports (thousands b/d)	149	141	127