



Energy Benchmark

Crude Oil Prices

Product	Opening Price	% Change from previous week OP
ICE BRENT	70.59	-0.70%
NYMEX WTI	62.95	-1.74%
TOCOM	-	-
Source	Bloomberg	

Get today's analysis on market fundamentals and pricing action here!

Get technical analysis, economic calendars and pricing charts on the second page of the report.

Weekly: Oil extends decline over robust US output

Market Overview

WTI closed at \$61.90 per barrel on Friday 03/05/19 with a 0.58% gain against Thursday's closing price. Crude oil futures weakened for the 2nd consecutive week as traders deliberate surging US production in 2019. The US EIA reported for a record high in weekly output (12.3 million bpd) as shale producers take advantage of higher oil prices. Though crude oil futures remain supported over supply-side disruptions, robust US output continues to impose considerable headwinds on pricing levels for the current term. Over in the US, Baker Hughes crude oil rotary rig count edged up to 802 last week. CFTC NYMEX Crude Oil Managed Money Net Long Positions edged lower to 329 196 contracts whilst Net Short Positions increased to 27 853 contracts. (See technical chart and diagrams below)

Key Market Commentaries

Key performance indicators to monitor and observe for crude oil futures.

How will surging US shale production impact oil markets?

US crude oil production levels have increased by 5% since the start of the New Year - 2019 (12.3 million bpd). The boom in the shale industry is widely expected to transform the United States into a net energy exporter by 2020. The US shale boom is further assessed to push production higher till 2027 (EIA) where output levels are then expected to level off gradually. New pipelines in the Permian basin (2H 2019) will improve US export capacity and thus disrupt the impact of OPEC-led supply cuts as new flows enter the global oil markets. Though we continue to assess for positive trades in oil prices (Q2), geopolitical uncertainties and surging US output levels will limit bullish gains for the 2nd half of 2019.

Weekly Market Assessment

A blow-up in US-China trade negotiations have afflicted oil prices with downward pressure as traders deliberate geopolitical uncertainties and broad-based economic weakness for the current term. Though technical patterns illustrate for negative biases, we assess for strong support in oil prices as supply curtailment policies remain in place for Q2.

This Week's Outlook: Range-Bound (WTI: 59.63 -63.70)

Mid-Term Market Assessment

Sharp output cuts by OPEC+ have contributed to stronger oil prices as cartel members seek to drain excess capacity from global inventories in 2H 2018. Geopolitical uncertainties have laid further support for crude oil futures amidst production woes from Iran and Venezuela (US Sanctions). Though we remain optimistic on oil prices in 1H 2019, we opine that upside gains remains measured in lieu of heightened downside risks for the longer term.

Q2 2019: West Texas Intermediate (WTI) - 63.00-68.00

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Technical Analysis for Crude Oil – WTI



Chart type: *Bloomberg NYMEX West Texas Intermediate Crude Oil Futures (WTI – Week Chart)*

WTI crude oil futures fell for the 2nd consecutive week as bearish biases pervade chart patterns in the current term. Market forces look poised to target the key trendline support of 59.63 to keep the negative trend scenario active this week. A successful breach at 59.63 will see oil prices pushing towards the next main station of 58.07. Though technical patterns have indicated for bearish biases, we postulate for strong support to materialize at 59.63 (50.0% - Fibonacci Retracement Levels).

We expect this week's trading range for WTI (Jul 19) to be between:

Key Resistance Level (1): 63.70 Key Support Level (1) & (2): 59.63 & 58.07

Weekly Economic Indicators			EIA Weekly Crude Oil Stocks (Change)		
API Inventory Report	09/05/2019	0430hrs (SG)	Period	Actual	Forecast
EIA Inventory Report	09/05/2019	2230hrs (SG)	26/04/2019	+9.914m	+1.600m
Baker Hughes Oil Rig Count	12/05/2019	0130hrs (SG)	19/04/2019	+5.400m	+0.800m
CFTC NYMEX MM Positions	12/05/2019	0400hrs (SG)	12/04/2019	-1.396m	+1.600m
			05/04/2019	+7.029m	+2.600m
Source	PFPL/Bloomberg		Source	PFPL/Bloomberg	

Diagram 1.1 – Baker Hughes Crude Oil Rig Count

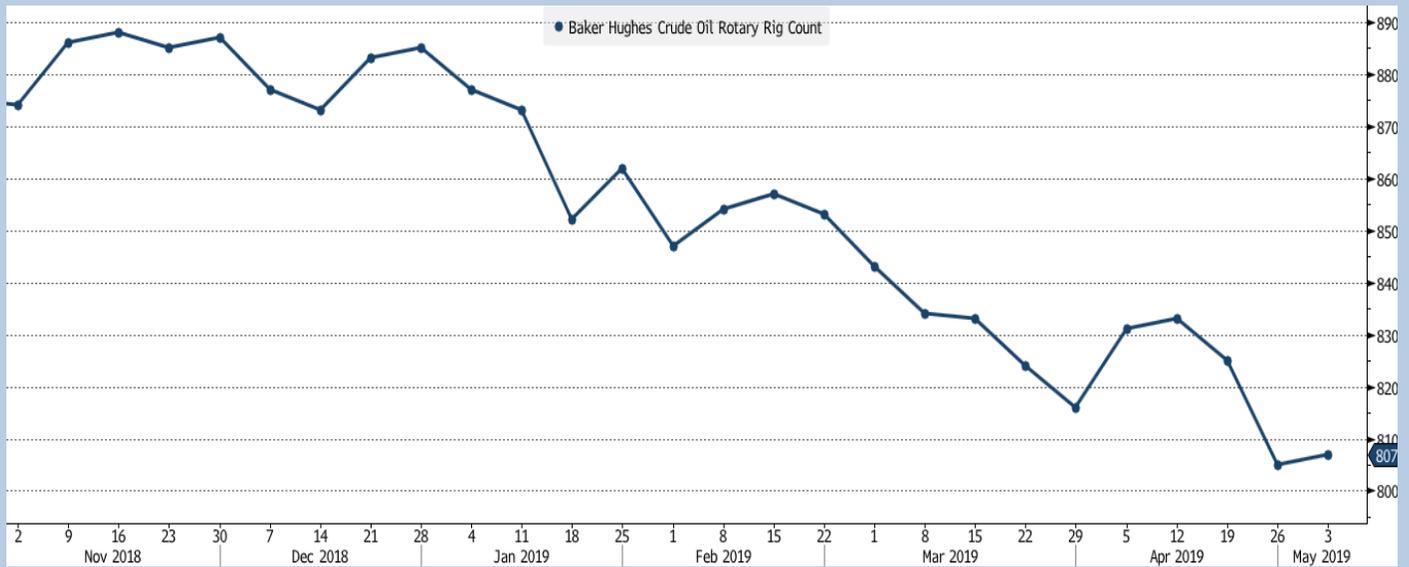


Chart type: Bloomberg – Baker Hughes Crude Oil Rotary Rig Count – 3th May 2019

Diagram 1.2 – CFTC NYMEX Crude Oil Managed Money Net Long Positions

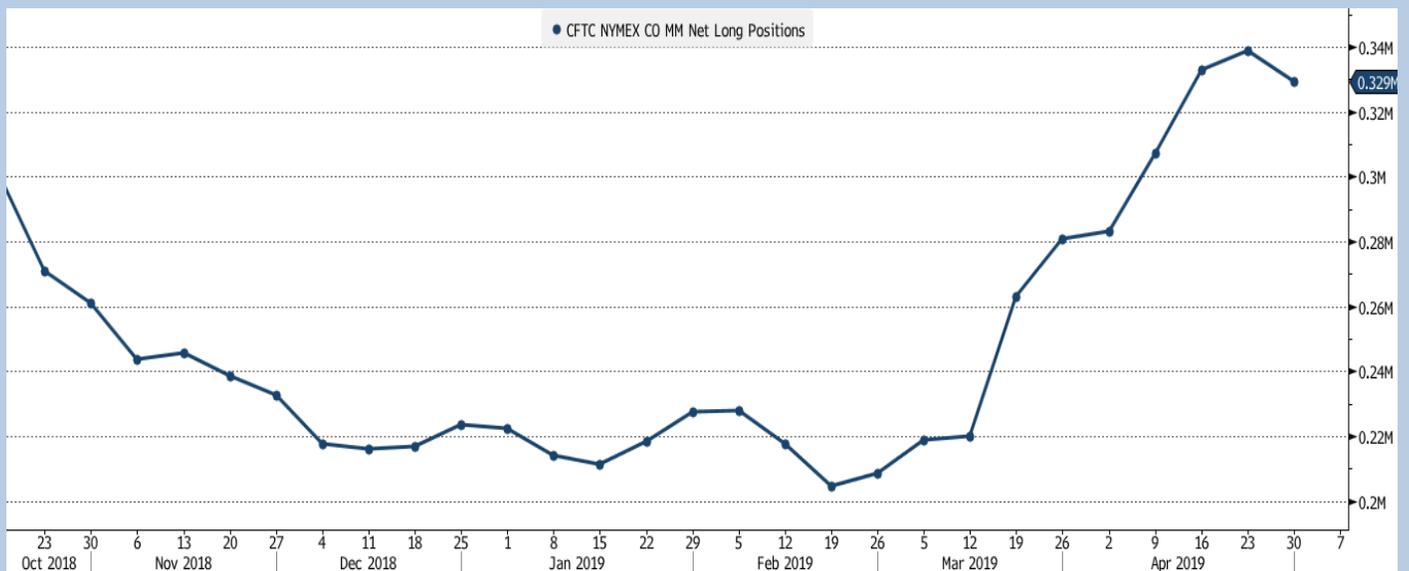


Chart type: Bloomberg - CFTC NYMEX Crude Oil Managed Money Net Long Positions – 30th April 2019

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