

Crude Oil Weekly

Brought to you by Phillip Futures Sdn Bhd (362533-U) (A member of PhillipCapital)

Market Commentary

Highlights:

- U.S. oil benchmark suffers a nearly 5% weekly slide
- U.S. commercial crude oil inventories increased by 1.3 million barrels for the week ended Feb. 1

Oil Market Summary

Oil futures were stuck in a tight trading range Friday, with the U.S. benchmark ending slightly higher but suffering a weekly loss of nearly 5%. Prices were trading in a weekly range between \$51.80 and \$55.75 per barrel.

On Friday, the NYMEX light sweet crude oil March contract rose \$0.08 cents or 0.2%, settled at \$52.72 a barrel by close of trade and the Brent crude oil for April contract added by \$0.47 cents or 0.42% to settle at \$62.10 per barrel. During the week, NYMEX crude oil decreased \$2.54 (4.60%) while the Brent oil dipped \$0.65 (1.04%).

The U.S. Energy Information Administration (EIA) report stated that U.S. commercial crude oil inventories increased by 1.3 million barrels.

According to Baker Hughes, the number of active rigs drilling for oil rose by 7 to 854 last week.

Traders continued to assess risks to global supply from OPEC output cuts and U.S. sanctions on Venezuela, which offered support to prices, but signs of a weakening global economy raised concerns about a slowdown in energy demand.

OPEC and 10 partner producers outside the cartel agreed late last year to hold back crude output by 1.2 million barrels a day for the first half of 2019, in an effort to soak up a global supply glut and rebalance the market. OPEC, excluding Iran, Libya and Venezuela, agreed to handle 800,000 barrels a day of those cuts.

The Wall Street Journal reported that OPEC officials said Saudi Arabia and its Persian Gulf allies were looking to create a formal partnership with a 10-nation group led by Russia to manage the world's oil market. The officials also said those oil-producing nations would debate the proposal during the week of Feb. 18 Vienna, with the potential for a final deal when they meet in April.

The weekly drop was fueled by Thursday's sharp retreat, which came amid worries about energy demand, a stronger dollar that makes U.S.-priced commodities less attractive, and reports that Libya could soon increase production. China-U.S. trade uncertainty and a vulnerable stock market are adding to the worrisome economic picture highlighted by oil bears.

In the week ahead, NYMEX crude oil prices are expected to trade in a range between \$51.00 and \$57.00. Oil traders will focus on the fresh weekly data on U.S. commercial crude inventories to gauge the strength of demand in the world's largest oil consumer and how fast output levels will continue to rise will capture the market's attention.

Other Market News

Federal Reserve Bank of San Francisco President Mary Daly suggested that the central bank could decide to use its balance sheet as a routine part of how it guides the economy, not just as a last-ditch measure to deploy in emergencies.

Call of The Week:

Range Bound

11 February 2019

Weekly Market Price as at 8 February 2019

Commodity	Close	Chg	% Chg	RSI(14)
NYMEX Crude Oil	52.72	-2.54	-4.60%	50.9283
IPE Brent Oil	62.10	-0.65	-1.04%	54.6121
TOCOM Crude Oil	40790	700.00	1.75%	50.4041
Mini Dow Jones	25081	85.00	0.34%	60.5779
U.S. Dollar Index	96.637	1.06	1.11%	58.1873
COMEX Gold	1318.50	-3.60	-0.27%	64.3957

Significant Events to Watch (Malaysian Time)

- 12/02/2019 (2300hrs) – U.S. JOLTs Job Openings (Dec)
- 13/02/2019 (0145hrs) – U.S. Fed Chair Powell Speaks
- 13/02/2019 (0530hrs) – API Weekly Crude Oil Stock
- 13/02/2019 (2130hrs) – U.S. Core CPI (MoM) (Jan)
- 13/02/2019 (2330hrs) – EIA Weekly Crude Oil Stock
- 13/02/2019 (2330hrs) – Crude Oil Inventories
- 14/02/2019 (2130hrs) – U.S. PPI (MoM) (Jan)
- 14/02/2019 (2130hrs) – U.S. Core Retail Sales (MoM) (Dec)
- 14/02/2019 (2130hrs) – U.S. Retail Sales (MoM) (Dec)
- 16/02/2019 (0200hrs) – Baker Hughes U.S. Rig Count

U.S. Oil Rig Count vs. U.S. NYMEX Crude Oil



Source: Bloomberg / Phillip Futures

Chart of the Day - Crude Oil Daily Chart



CL1 Comdty (Generic 1st 'CL' Future) JIAHUI Daily 16MAR2018-09FEB2019

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From the daily chart above, prices are traded in consolidation mode. The support levels are seen at \$49.00 and \$45.00; while the resistance levels are seen at \$57.00 and \$60.00. On the technical side, the 50-day moving average line moved in range bound that leading the price.

Source: Thomson Reuters / Bloomberg / Phillip Futures

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