

Crude Oil Weekly

Brought to you by Phillip Futures Sdn Bhd (662533-U) (A member of PhillipCapital)

Market Commentary

Highlights:

- Oil futures log biggest weekly gain since June
- U.S. commercial crude oil inventories decreased by 4.4 million barrels for the week ended 11 September 2020.

Oil Market Summary

Oil futures split paths for the session on Friday, with U.S. prices up modestly and global prices slightly lower but both benchmarks logging their biggest weekly gain since June after major oil producers pledged their full commitment to output cuts. Prices were trading in weekly range between \$36.82 and \$41.49 per barrel.

On Friday, the NYMEX light sweet crude oil October dropped by \$0.14, or 0.3%, to close at \$41.11 a barrel by close of trade and the Brent crude oil for November contract fell \$0.15, or 0.4%, to finish at \$43.15 per barrel. During the week, NYMEX crude oil increased \$3.78 (10.13%) while the Brent oil rose \$3.32 (8.34%).

The U.S. Energy Information Administration (EIA) report stated that U.S. commercial crude oil inventories decreased by 4.4 million barrels from the previous week.

According to Baker Hughes, the number of active rigs drilling for oil increased by 1 to 255 last week.

The comeback of some of curtailed production from the Organization of the Petroleum Exporting Countries and their allies is starting to be "visible in the market," with Middle Eastern producers cutting prices, onshore storages filling up and offshore storage in demand.

On average, analysts expect domestic crude-oil supplies for the week ended Sept. 11 to show a decline of 1.8 million barrels, according to a survey conducted by S&P Global Platts. Gasoline supplies are forecast to drop 7 million barrels for the week, while distillates, which include heating oil, are seen climbing by 500,000 barrels.

Meanwhile, contributing to concerns about the potential for weaker energy demand, the Organization for Economic Cooperation and Development on Wednesday forecast global domestic product will contract 4.5% this year, and rise 5% next year. That compares with a more dire picture painted by the OECD in June, when it projected a 6% contraction this year, followed by 5.2% growth in 2021.

The oil producers, collectively known as OPEC+, held a joint committee meeting via videoconference Thursday to discuss their existing program of output cuts. The group had previously pared record production cuts of 9.7 million barrels per day to 7.7 million barrels per day starting in August, but also said that countries that failed to previously meet their quota limits would be compensating for their overproduction.

In the week ahead, NYMEX crude oil prices are expected to trade in a range between \$35.00 and \$45.00. 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

FOMC rate decision (US) has remained unchanged at 0.25%.

Call of The Week:

Mildly Bullish

21 September 2020

Weekly Market Price as at 18 September 2020

Commodity	Close	Chg	% Chg	High	Low	RSI(14)
NYMEX Crude Oil	41.11	3.78	10.13%	41.49	36.82	53.82
IPE Brent Oil	43.15	3.32	8.34%	43.80	39.30	51.86
TOCOM Crude Oil	29220	1,850.00	6.76%	29250.00	27060.00	51.78
Mini Dow Jones	27807.30	195.30	0.71%	28367.00	27550.00	49.54
U.S. Dollar Index	92.93	-0.41	-0.44%	93.59	92.77	45.14
COMEX Gold	1962.10	14.20	0.73%	1983.80	1938.20	52.07

Significant Events to Watch (Malaysian Time)

- 22/09/2020 (2200hrs) – U.S. Existing Home Sales (Aug)
- 23/09/2020 (2230hrs) – U.S. EIA Weekly Distillates Stocks
- 23/09/2020 (2230hrs) – U.S. Crude Oil Inventories
- 24/09/2020 (2030hrs) – U.S. Initial Jobless Claims
- 24/09/2020 (2200hrs) – U.S. New Home Sales (Aug)
- 26/09/2020 (0100hrs) – U.S. Baker Hughes Oil Rig Count

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



Chart of the Day - Crude Oil Daily Chart



CL1 Comdty (Generic 1st 'CL' Future) JIAHUI Daily 18JAN2019-18SEP2020

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From the daily chart above, prices moved in range bound. The resistance levels are seen at \$45.00 and \$50.00. The support levels are seen at \$30.00 and \$25.00. The 20-day moving average lines is going up to lead the price.

Source: Thomson Reuters / Bloomberg/ Phillip Futures

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