

CRUDE OIL REPORT

June 20, 2022



Crude oil prices in key global platforms plunged last week on recession fears. Aggressive monetary tightening measures from central banks also added worries of slowdown in industrial activities and subsequent fall in fuel demand.

Global Economy

- Equity gauges across globe slipped last week on fears that aggressive interest rate hikes by major central banks may dampen global economic growth. .
- U.S. Federal Reserve marked the largest interest rate hike since 1994 by raising 75 basis points, and the benchmarks rates stood at 1.5-1.75%.
- U.S. industrial output marked its slowest growth in five months in May, as manufacturing output contracted under pressure from ongoing supply chain and input price problems.
- The central banks in Europe hiked interest rates as an effort to control inflation. The Bank of England raised its benchmark rate to its highest level since the 2009 financial crisis. .

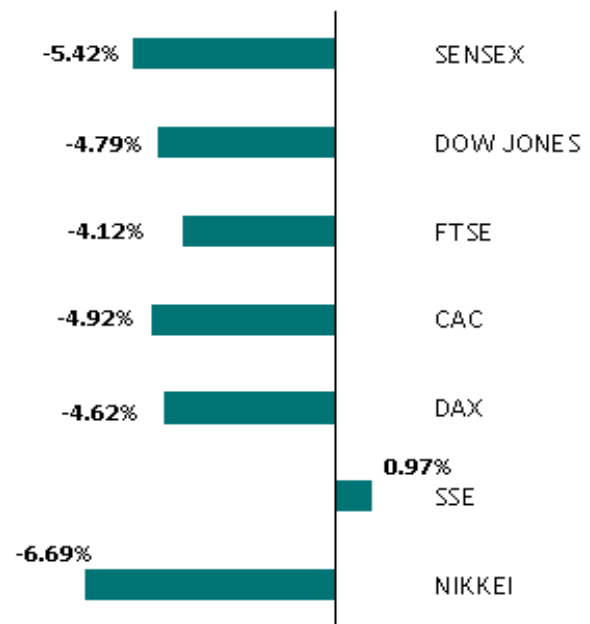
Currencies

- The dollar index hit 105.78 marks last week , the highest since December 2002, and settled lower at 104.70.
- Euro and Chinese Yuan moderated against US dollar last week, while Japanese Yen shed 0.40 percent.
- Indian Rupee settled slightly below 78 points against US dollar last week.

Energy

- NYMEX WTI crude oil plunged 9.21 percent last week, while ICE Brent fell 7.29 percent.
- OPEC+ produced 2.695 million barrels per day below its crude oil targets in May.
- Russia plans to increase oil production next month as export flows are being redirected to avoid Western sanctions

Indices



Currency

Currencies	Close	WoW % Chg
Dollar Index Spot	104.7	0.53%
Euro/US Dollar	1.0498	-0.16%
US Dollar/ Japanese Yen	134.96	-0.40%
US Dollar/ Indian Rupee	77.9346	0.23%
US Dollar/ Chinese Yuan	6.716	-0.12%

*Currency rates mentioned above are Friday closing rates

Data/Events

Day	Data/Events
Monday	Holiday For US Financial Markets
Wednesday	US Fed's Jerome Powell Testifies
Thursday	US Manufacturing PMI



Crude oil prices plunged on recession fears

Crude oil prices plunged last week amid growing fears of global economic recession along with aggressive hawkish move from major central banks. Major central banks across globe raised the rates to curb inflation which was largely due to higher energy prices. US Federal Reserve hiked the rates by 75 basis points in the recent policy meet to 1.5-1.75%. Apart from that, falling gasoline prices in U.S. also contributed to the fall in benchmark WTI futures in NYMEX last week.

The WTI light sweet crude oil in NYMEX shed 9.21 percent to USD109.56 per barrel last week. ICE benchmark Brent crude shed 7.29 percent to USD113.12 per barrel last week.

OPEC+ is 2.7 million bpd below its Production Target in May

OPEC+ produced 2.695 million barrels per day below its crude oil targets in May because of production problems at several members and as Russia faced sanctions. Underproduction by the Organization of the Petroleum Exporting Countries and its allies, known as OPEC+, was higher in May, when overall compliance with planned output cuts stood at 256 percent, up from 220 percent a month earlier. Russia's crude output rose to 9.273 mln bpd in May from 9.159 mln bpd in April, but its production levels remained 1.276 mln bpd below target last month, the OPEC+ document showed, the largest deviation across all OPEC+ members. Supply from the group faces additional challenges in June as a new blockade of Libyan crude oil facilities has greatly reduced the country's production levels. Libya remains exempt from OPEC oil production quotas.

Russia plan to increase oil production in July

Russia plans to increase oil production next month as export flows are being redirected to avoid Western sanctions, predicting domestic oil output would be either flat or decline slightly this year. Russia's Deputy Prime Minister Alexander Novak said that the production is close to the February levels at 10.2 million barrels per day (bpd), and plan to increase it further in July depending on companies' plans. Production from the world's third biggest producer after the United States and Saudi Arabia dropped by about 10 percent to 10.05 million bpd in April from February, after some buyers postponed or refused Russian barrels due to sanctions.

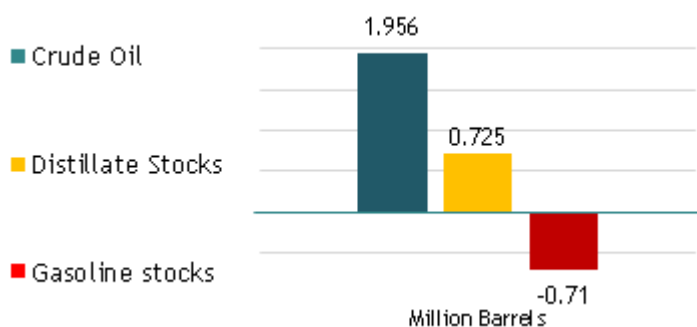
Money managers reduced net Longs in NYMEX Crude

Money managers reduced their net long positions in US crude futures and options contracts in the week ended June 17, the US Commodity Futures Trading Commission (CFTC) reported.

U.S. Crude stock level climbed, gasoline fell and distillate up

US crude stocks declined in the week ended June 10, as per the Energy Information Administration (EIA). Crude inventories increased by 1.956 million barrels, distillate stocks increased by 0.725 million barrels while gasoline fell by 0.710 million barrels. US crude oil imports averaged 7.0 million barrels per day in the same week, up by 0.8 million barrels per day from the preceding week. Refineries operated at 93.7 percent of their operable capacity in the week ended June 10.

Weekly Inventory Change - U.S. EIA

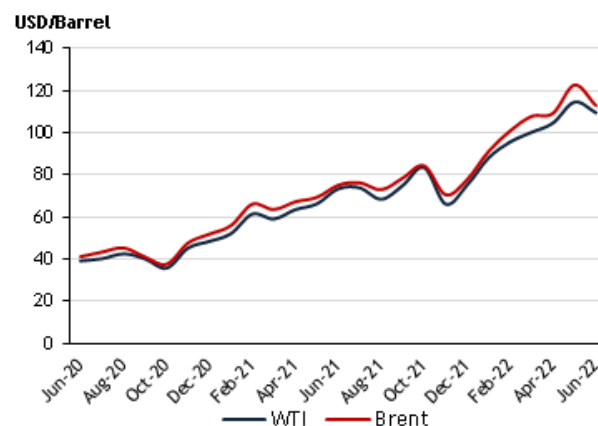


Global Market Prices

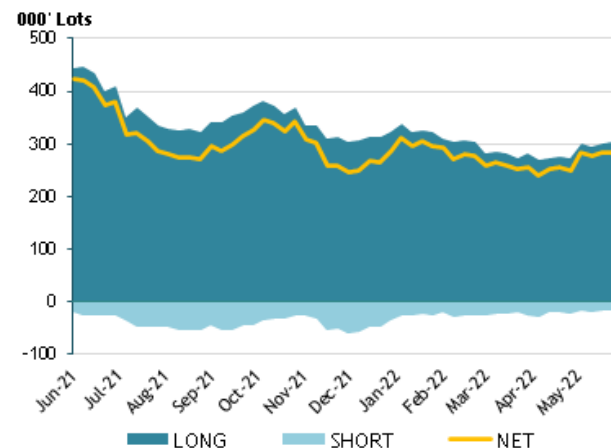
Crude	Close Price	WoW % Chg	YoY % Chg
NYMEX	109.56 (\$/bl)	-9.21%	56.08%
ICE	113.12 (\$/bl)	-7.29%	63.50%
MCX	8530 (Rs/bl)	-9.25%	55.32%

*Near month futures contracts in NYMEX, ICE and MCX
*Prices mentioned above are Friday closing rates

Performance of Major Benchmarks (USD/Bl)



Money Managed F&O Positions in NYMEX



Brent - WTI Spread



Daily LIGHT CRUDE AUG2

20.09.2021 - 06.07.2022 (NYC)

Cnd, LIGHT CRUDE AUG2, Trade Price, 21.06.2022, 108.75, 109.36, 106.82, 107.89, -0.10, (-0.09%)



Technical Outlook

Worries over slowing global economic outlook and demand for fuel likely to keep prices under pressure in the immediate run. However, the fundamental picture remains one of tightness due to export restrictions from the world’s second largest exporter, Russia, after its invasion of Ukraine. Hopes of limited additional supply from other key producers to offset the reduced flow from Russia also tighten the global supplies.

NYMEX Aug: If the support of \$105 remains hold the downside, there are chances of recovery upticks. Meanwhile, consistent trades below the same would trigger major liquidation.

MCX Jul: Inability to break the support of Rs 8000 short term trend remains positive. A direct drop below Rs 7600 would weaken the sentiments.

Trading Outlook		
	NYMEX Aug	MCX Jul
Weekly View	MILD POSITIVE	MILD POSITIVE
Short Term View	RANGE BOUND	RANGE BOUND
Technical Levels		
Trading Range	\$124-93	Rs 9600-7600
Resistance 1	112	8690
Resistance 2	118.50	8980
Resistance 3	124.40	9220
Pivot	114	8400
Support 1	103	8220
Support 2	93	8000
Support 3	82	7600



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