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- CME WTI Crude oil prices are now trading near \$96 per barrel, sharply lower from recent high of \$130.50 per barrel registered on 7 March 2022 and marginally up from last month's low of 93.53 per barrel. Crude oil prices remained under pressure as International Energy Agency (IEA) member nations plan to release a total of 240 million barrels to the global market within six months. The decision of IEA countries on 1 April was to collectively release 120 million barrels, and the U.S. share in this is 60 million barrels. It would be second coordinated release in a month and the fifth in the agency's history.
- The increased number of covid-19 cases in China has a detrimental impact on crude oil prices. The lockdown in Shanghai shows no indications of being lifted, and Guangzhou is planning to begin widespread viral testing, which might significantly cut China's gasoline demand. China's oil demand is expected to drop by up to 200,000 bpd during the length of the limitations, according to Rystan Energy.
- According to the CFTC Commitments of Traders report for the week ending 5 April 2022, the net long position in crude oil futures fell by 10137 contracts to 308594. Speculative longs were down by 6965 contracts, while shorts were up by 3172 contracts.
- Crude oil inventory report was slightly negative for the oil prices. EIA crude inventories unexpectedly rose +2.42 million bbl against forecast of a -2.8 million bbl draw. Crude supplies at Cushing, the delivery point of WTI futures, rose +1.65 million bbl. Distillate stockpiles unexpectedly rose +771,000 bbl against expectations of a -600,000 bbl draw. However, EIA gasoline supplies fell -2.04 million bbl, against expectations of -400,000 bbl. US crude oil inventories as of April 1 were -13.4% below the seasonal 5-year average, gasoline inventories were -0.7% below the 5-year average, and distillate inventories were -15.5% below the 5-year average.
- US crude oil production in the week ended April 1 rose +0.9% w/w to 11.8 million bpd along with rising oil rig may keep a cap on oil prices.
- Oil supply in the United States may continue to rise in the near future, as US Energy Companies added oil and natural gas rigs for the third week in a row last week. This week, the number of oil rigs in the United States increased by 13 to 546. Since August 2020, the number of active oil rigs in the United States has grown dramatically from a 16-1/2 year low of 172 rigs. More production is sought by the US administration in order to assist its allies in weaning themselves from Russian oil and gas.

Outlook

- CME WTI Crude oil prices are likely remain under pressure on the backdrop of weakening demand due to rising covid-19 cases in china and easing supply due to SPR release news. It may find stiff resistance around \$98.92-99.5 meanwhile immediate support level could be seen around \$95.5-94

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