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WTI CRUDE OIL IS EXPECTED TO TRADE FIRM WHILE REMAINING ABOVE A KEY SUPPORT LEVEL OF \$88.1-\$85.2.

- WTI Crude oil April month expiry contract is now trading near \$90.08, sharply lower from recent high of \$95.82 registered on 14th February. However prices are still trading near multiyear high on the back drop of improvement in demand and geopolitical issues related to Ukraine and Iran.
- Crude oil prices found some breather after diplomatic efforts to resolve the Ukraine crisis provided some relief from concerns about crude supply. French President Emmanuel Macron said in a statement on Monday that U.S. President Joe Biden and Russian President Vladimir Putin have agreed in principle to a summit over Ukraine.
- However, geopolitical tension are likely to support oil prices. European Commission President Ursula von der Leyen said Russia would be cut off from international financial markets and denied access to major exports needed to modernise its economy if it invaded Ukraine.
- Ministers of Arab oil-producing countries said on Sunday that OPEC+ should stick to its current agreement to add 400,000 barrels of oil per day each month to output, rejecting calls to pump more to ease pressure on prices. Oil prices are likely to trade firm on production restriction from OPEC nation.
- Negotiations in Vienna to resurrect the 2015 nuclear deal between Iran and world powers have made "significant progress," according to Iranian Foreign Ministry spokesman Saeed Khatibzadeh. Meanwhile Iran's parliament sets conditions for return to nuclear deal. After meeting the demand, Iran would act to scale back its nuclear advances to come into full compliance with the terms of the JCPOA again.
- Positive economic data released today is likely to support oil prices. Euro zone economic recovery rebounded in Feb despite soaring prices as per today's report. IHS Markit's Flash Composite Purchasing Managers' Index, seen as guide to overall economic health, jumped to a five-month high of 55.8 in February from 52.3 in January, significantly above the median 52.7 forecast in a Reuters poll. A PMI for the service industry soared to 55.8 from 51.1, a five-month high and above all forecasts in a Reuters poll that had predicted only a modest rise to 52.0. Anything above 50 indicates growth. Additionally, UK Preliminary Services PMI jumps to 60.8 in February vs. 55.5 expected.
- According to the CFTC Commitments of Traders report for the week ending February 15, the net long position in crude oil futures fell by 15290 contracts to 348093. Speculative longs were down 21,741 contracts, while shorts were down 6451 contracts.
- According to Baker Hughes, the number of active US rigs drilling for oil increased by four this week to 520. Following a week in which 19 oil rigs were added, the total active US rig count, which includes those drilling for natural gas, increased by 10 to 645.
- According to the weekly EIA report released on Wednesday, U.S. crude oil inventories were -10.6 percent lower than the seasonal 5-year average as of February 11, gasoline inventories were -3.8 percent lower, and distillate inventories were -20.3 percent lower.

- ▲ In the week ending February 11, US crude oil production remained unchanged at 11.6 million bpd, - 1.5 million bpd (-11.5 percent) lower than the record-high of 13.1 million bpd set in February 2020.

Outlook

- ▲ Crude oil prices are likely to trade firm while above key support level of \$88.10 and \$85.20 meanwhile immediate resistance level could be seen around \$94.90 & \$98.80

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Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: kamlesh.jogi@abans.co.in

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: info@abans.co.in | Website: www.abans.co.in

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