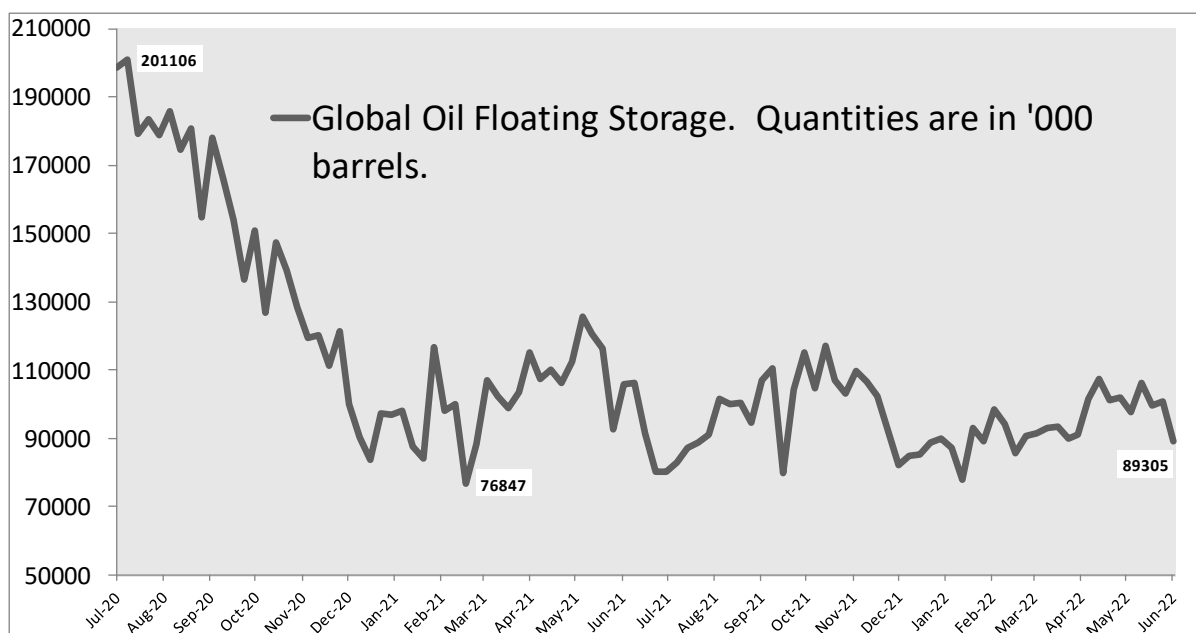

Positive demand outlook from China to keep oil prices firm

POSITIVE DEMAND OUTLOOK FROM CHINA TO KEEP OIL PRICES FIRM

- WTI Crude oil is now trading near \$119.3 per barrel which is sharply up in recent time and prices are marginally lower from multiyear high of \$130.50 per barrel registered in March 2022 after Russia invaded Ukraine. Crude oil prices found fresh support after China eased some pandemic restrictions in several regions. China reported the fewest number of new Covid infections last week in three months, which is likely to boost economic activity and energy demand as cities reopen. Goldman Sachs predicts that global oil markets are poised to get "significantly tighter" into the summer months as China emerges from lockdowns, a strong summer travel season gets underway, and Russian crude production slows further.
- Additionally, Crude prices have risen since EU leaders agreed last week on the sixth package of sanctions against Russia, which includes a partial ban on Russian crude. Meanwhile, Russia has halted natural gas shipments to Bulgaria, Denmark, Finland, the Netherlands, and Poland because they have failed to pay for Russian gas supplies in rubles. Russia is attempting to force its European customers to pay for its oil and gas exports in rubles. Uncertainty about Russian oil supplies to major economies is likely to keep oil prices firm in the short term.
- OPEC+ decided to increase crude output by 648,000 barrels per day (bpd) in July and August, up from 432,000 bpd in recent months. Meanwhile, OPEC crude oil production increased by +130,000 barrels per day in May, reaching a two-year high of 28.850 million barrels per day. OPEC was expected to increase output by +290,000 bpd in May, but supply constraints in Libya and Nigeria prevented the organization from meeting that target.
- Libya May crude production fell -140,000 bpd to 760,000 bpd, the smallest amount in 1-1/2 years, as armed clashes and protests curbed the country's crude output.
- The amount of crude oil held around the world on tankers that have been stationary for at least 7 days fell to 89.31m bbl as of June 3, Vortexa data show. That's the lowest since February, and down 11% from 100.82m bbl on May 27. A drop in global storage is positive for prices.



- ▲ The US crude oil inventories as of May 27 were -15.0% below the seasonal 5-year average, gasoline inventories were -8.0% below the 5-year average, and distillate inventories were -21.7% below the 5-year average.
- ▲ The US crude oil production in the week ended May 27 was unchanged w/w at 11.9 million bpd, which is -1.2 million bpd (-9.2%) below the Feb-2020 record-high of 13.1 million bpd.
- ▲ According to the CFTC Commitments of Traders report for the week ended 31st May, net long of crude oil futures dropped by 1785 contracts to 332976. Speculative longs dropped by 858 contracts while shorts increased by 972 contracts.
- ▲ Baker Hughes reported that active U.S. oil rigs in the week ended June 3 were unchanged at 574 rigs, just below the 2-year high of 576 rigs from May 20. Rig count data is signaling an increase in U.S. crude oil production capacity.

Outlook

- ▲ WTI Crude oil prices are likely to trade firm while above key support level of \$114 per barrel meanwhile immediate resistance level could be seen around \$126.8-\$130.5 per barrel.

DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

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

Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website www.abans.co.in Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
 - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance – No
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance – No
- ▲ Receipt of Compensation –
 - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on compliance@abans.co.in