

US Supply concern and positive Eco data to support oil prices

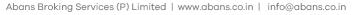


US SUPPLY CONCERN AND POSITIVE ECO DATA TO SUPPORT OIL PRICES

- WTI Crude oil prices are currently trading at \$72.31, up from a low of \$61.74 last month. Oil prices have risen this week as US storm-damaged supply slowly returns to the market. The output recovery appears to be trailing behind demand. Positive economic data in US also support the prices.
- Hurricane Ida had knocked off 513,878 bpd (28 percent) of US crude production in the Gulf of Mexico as of Thursday afternoon. As Tropical Storm Nicholas makes its way up the US Gulf Coast, crude production could be further delayed.
- The majority of US economic data was better than predicted, which bodes well for energy demand and crude prices. Retail sales in the United States unexpectedly gained +0.7 percent m/m in August, compared to predictions of -0.7 percent m/m. In addition, the September Philadelphia Fed business outlook survey unexpectedly increased by +11.3 points to 30.7, vs predictions of a drop to 19.0. On the downside, weekly initial jobless claims increased by 20,000 to 332,000, indicating a weaker labour market than the 322,000 expected.
- Global oil supplies dipped -540,000 bpd in August due to unanticipated disruptions, according to the International Energy Agency (IEA), and global crude supplies may not increase until October after Hurricane Ida wiped out advances in OPEC+ production. Oil prices are likely to remain stable in the near future.
- Growing worry in Iran over uranium production has heightened the likelihood of more sanctions against Iran. Iran has refused to cooperate fully with international observers once again. Iran has boosted its stockpile of uranium enriched near to the levels needed for weapons-grade, according to the International Atomic Energy Agency, and continues to restrict inspections of sites and an inquiry into undeclared activities.
- However, rising concern over demand and increasing OPEC production is likely to weigh on oil prices. A negative factor for crude is increased OPEC crude output after OPEC Aug crude production rose +290,000 bpd to 27.11 million bpd, a 16-month high. The spread of the delta Covid variant is negative for crude prices since it may lead to tighter restrictions that curtail economic growth and energy demand.
- On the inventory front, the EIA reported on Wednesday that US crude oil stockpiles were -7.7% below the seasonal 5-year average as of September 10, gasoline inventories were -4.3% below the 5-year average, and distillate inventories were -13.0% below the 5-year average.
- Meanwhile, US crude oil output grew +1.0 percent w/w to 10.1 million bpd in the week ending September 10, down -3.0 million bpd (-22.9 percent) from the record-high of 13.1 million bpd set in February 2020.

Outlook

✓ WTI Crude oil prices are expected to trade higher while remaining above important support levels of the 50-day EMA at \$69.37 and the 100-day EMA at \$68.09, while stiff resistance is expected between \$73.84-\$74.69.





DAILY ANALYSIS REPORT

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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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