
Crude firm after an attack on Saudi oil infra and OPEC+ decision on production
Gold retrace back below \$1700 as dollar index rebound

CRUDE FIRM AFTER AN ATTACK ON SAUDI OIL INFRA AND OPEC+ DECISION ON PRODUCTION

- WTI Crude oil prices are currently trading near \$66.81 per barrel supported by an attack on Saudi oil infrastructure and OPEC+ decision on the production level. Oil prices rallied after Saudi Arabia claimed that some of its protected oil infrastructures came under missile and drone attack in an escalation of regional hostilities that sent crude prices surging. However, oil output appeared to be unaffected.
- Meanwhile, Saudi Aramco cut pricing on crude for shipment to the Mediterranean region. The company cut pricing for Medium grade oil by \$1.70 a barrel and for Heavy crude by \$1.90.
- Crude oil prices are trading higher from last week on the backdrop of OPEC+ decision on production levels. OPEC members have decided that they would be sticking with the output cuts that have buoyed the market so far this year. Also Saudi Arabia's pledge to extend a unilateral 1 million barrel-a-day cut through at least April.
- On the supply-side, Crude oil production for OPEC members in February fell 920,000 BPD to a 4-month low of 24.870 million BPD. However, Iraq Feb crude exports excluding Kurdistan rose +3.1% m/m to 2.96 million BPD. Meanwhile, Libya will export 1.21 million BPD of crude and condensate this month, the most since October when Libya resumed oil production, according to reporting by Bloomberg.
- On the economic data front, US Feb nonfarm payrolls rose +379,000, against expectations of +200,000, Also, the US Feb unemployment rate unexpectedly fell -0.1 to an 11-month low of 6.2%. Economic data indicates a stronger labour market and supportive of energy demand. German Jan factory orders rose +1.4% m/m, stronger than expectations of +0.5% m/m.
- Baker Hughes reported on Friday that active U.S. oil rigs rose by +1 rig in the week ended Mar 5 to a 10-month high of 310 rigs, well above August's 15-year low of 172 rigs.

Outlook

- WTI Crude oil prices are likely to trade firm, it may find a strong support base around \$65.40 and \$63.87 per barrel while key resistance levels are seen around \$68.40-\$68.90 per barrel level.

GOLD RETRACE BACK BELOW \$1700 AS DOLLAR INDEX REBOUND

- Gold prices are currently trading near \$1,690, retrace back as strength in the dollar continued. However, gold found initial support as the U.S. Senate on Saturday passed President Joe Biden's \$1.9 trillion COVID-19 relief plan.

- ▶ Meanwhile, Physical demand has increased in India after prices corrected from the recent high.
- ▶ Gold is likely to find support from rising inflation as it is used hedge against inflation. The recent spike in crude oil prices and the stimulus package is likely to increasing inflation in the US.
- ▶ Global economic data was bearish for gold on Friday. US Feb nonfarm payrolls rose stronger than expectations and the unemployment rate unexpectedly fell which is showing a stronger labour market better than than expectations.
- ▶ Gold prices were under pressure from Hawkish comments from St. Louis Fed President Bullard. He said, "We have a very strong outlook for the U.S, economy and we already have a very easy monetary policy" so a shift in policy to lean against higher yields is currently "unwarranted."

Outlook

- ▶ Gold prices have been unable to sustain recent bounce back in prices and are facing stiff resistance near \$1,724 and \$1,754, while key support levels are seen around \$1,685 and \$1,646.

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