

Daily Crude Oil Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for 04 Sep 2017

Global Crude Oil Price Outlook Summary

1 Sep 2017	CME WTI Crude Oil Oct'17 USD/BBL	ICE Brent Crude Oil Nov'17 USD/BBL	ICE Gas Oil Sep'17 USD/Gallon	MCX Crude Oil Sep'17 INR/BBL
Closing Price	47.29	52.75	510.75	3021
Change	0.06	-0.11	6.00	-17.00
Fundamental Summary	Critical Price drivers			Price Direction
	Easing US crude oil inventory glut			Upward
	Hurricane Harvey impacting the refinery activity			Downward
	US gasoline peak demand season coming to end			Downward
	Supply disruption in Libya			Upward
	Nonfarm payrolls data			Downward

Next 10 Trading days	Price Outlook Summary	CME WTI Crude Oil Oct'17	ICE Brent Crude Oil Nov'17
	Direction	Mixed	Mixed
	Price Range	49.00 to 45.00	51.00 to 55.00
	Summary	Prices are likely to find support around 45.50 and consolidate higher towards USD 49.00 in the coming trading days.	Prices are likely to trade mixed in the range of 51.00 to 55.00 in the coming trading days.

Next 10 Trading days	Price Outlook Summary	ICE Gas Oil Sep'17	MCX Crude Oil Sep'17
	Direction	Mixed	Mixed
	Summary	Prices are likely to trade mixed in the range of 515 to 480 in the coming trading days.	Prices are likely to trade mixed in the range of 2950 to 3120 in the coming trading days.

Price Range 445 to 490

3200 to 3030

CME WTI Crude Oil Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	Oct'17	Long	46.30	--	48.00	45.30
Strategy Review	Traders should consider above mentioned strategy for fresh position.					
Closed Positions Audit	Market	Period	Strike Rate %		Net Profit Per Lot	
	CME WTI Crude Oil 1M	2013 to Till Date	63.19%		USD 404.10	
		July 2017	100.00%		USD1175	

ICE Brent Crude Oil Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	Nov'17	Wait	--	--	--	--
Strategy Review	Traders should wait for fresh position.					
Closed Positions Audit	Market	Period	Strike Rate %		Net Profit Per Lot	
	ICE Brent Crude Oil 1M	2013 to Till Date	67.33%		USD 568.80	
		July 2017	66.67%		USD 400.00	

ICE Gas Oil Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	SEP'17	Wait	--	--	--	--
Strategy Review	Traders should wait for fresh position.					
Closed Positions	Market	Period	Strike Rate %		Net Profit Per Lot	

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Audit	ICE Gas Oil	2016 to Till Date	61.90%	USD 547.62
	1M	May 2017	100.00%	USD 1166.67

MCX Crude Oil Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	Sep'17	Long	2985	01Sep'17	3118	2985
Strategy Review	Traders should hold long position in line with above mentioned strategy.					
Closed Positions Audit	Market	Period	Strike Rate %		Net Profit Per Lot	
	MCX Crude	2013 to Till Date	56.67%		INR 760	
	Oil 1M	July 2017	100.00%		INR 5000	

Fundamental Analysis

- ❖ Crude oil prices traded on a mixed note on last Friday amid position clearing ahead of the long weekend in US and closed marginally higher for the day. Further, gasoline and distillate futures traded on a weak note as the hurricane impact faded and expectations of refinery activity to pick up improved.
- ❖ At the economic front, Dollar traded volatile on Friday's session and closed marginally higher against the basket of currencies despite downbeat NFP data that was partly offset by the upbeat manufacturing PMI data as traders closed positions ahead of the Labour Day long weekend.
- ❖ US added only 156 thousand nonfarm jobs in the month of August, lower than the market consensus of around 180 thousand additions. Further, July data was revised down from 209 thousand additions to 189 thousand additions, US Dollar is likely to remain under pressure against basket of currencies and remain supportive to crude oil prices ahead of the key FOMC meeting in the next week.
- ❖ US crude oil inventories continued the declining trend in the previous week amid decline in imports and refinery activity at near 12 years highs. In the week ending 25th Aug crude oil

stocks declined by 5.39 million barrels from 463.16 million barrels from a week earlier. Overall, since April US crude oil inventories have declined by 75.60 million barrels and are currently at the lowest levels since January 2016.

- ❖ Meanwhile, gasoline inventories remained unchanged in the previous week while distillate stocks also increased by 0.75 million barrels. Going ahead, amid sharp fall in refinery activity expected due to the hurricane activity in US Gulf Coast, product inventories are likely to witness drawdown in coming weeks.
- ❖ On the other hand, US weekly product consumption increased sharply to 21.43 MBpd by the week ending 11th Aug from 20.68 MBpd, from a week earlier due to sharp surge in gasoline demand ahead of the Labor Day holiday weekend.
- ❖ Holistically, easing US crude oil supply glut is expected to underpin the prices in the medium term, however, with gasoline demand growth remaining subdued and expected to decline after the Labor day weekend (Sep 4th) and crude oil production levels remaining high at 9.53 MBpd is likely to pressurize price sentiments in the near term.
- ❖ At the geopolitical front, Libya's national oil corporation has reported to have closed two more oil fields El-Feel (capacity of 90 KBpd) and Hamada oil field (10 KBpd) in the last two days bring down the production further lower after the previous shutdown at Sharara oil field (capacity of 330 KBpd) since the previous week remains unsolved.
- ❖ Libya's crude oil production is currently near 1 MBpd increasing sharply over the past few months after the infighting in the region has halted. In 2017, Libya's crude oil production has increased to an average of 728 KBpd during Jan – Jul period, an increase of 111% compared to 345 KBpd during same duration last year. However, with internal strife in the country starting to impact the production since mid – August is expected to offset some of the worries in the market about rapid supply growth in the coming days.

Technical Outlook: CME WTI Crude Oil Oct'17

- ❖ CME WTI Crude oil Oct'17 futures prices after finding support around USD 45.50 are seen trading with positive momentum for past couple of trading days.
- ❖ The downtrend which has started after striking swing high at USD 50.43 is most likely culminates around 45.50 and now retracement towards 49.00 is expected.
- ❖ On the lower side support is expected around 45.40.

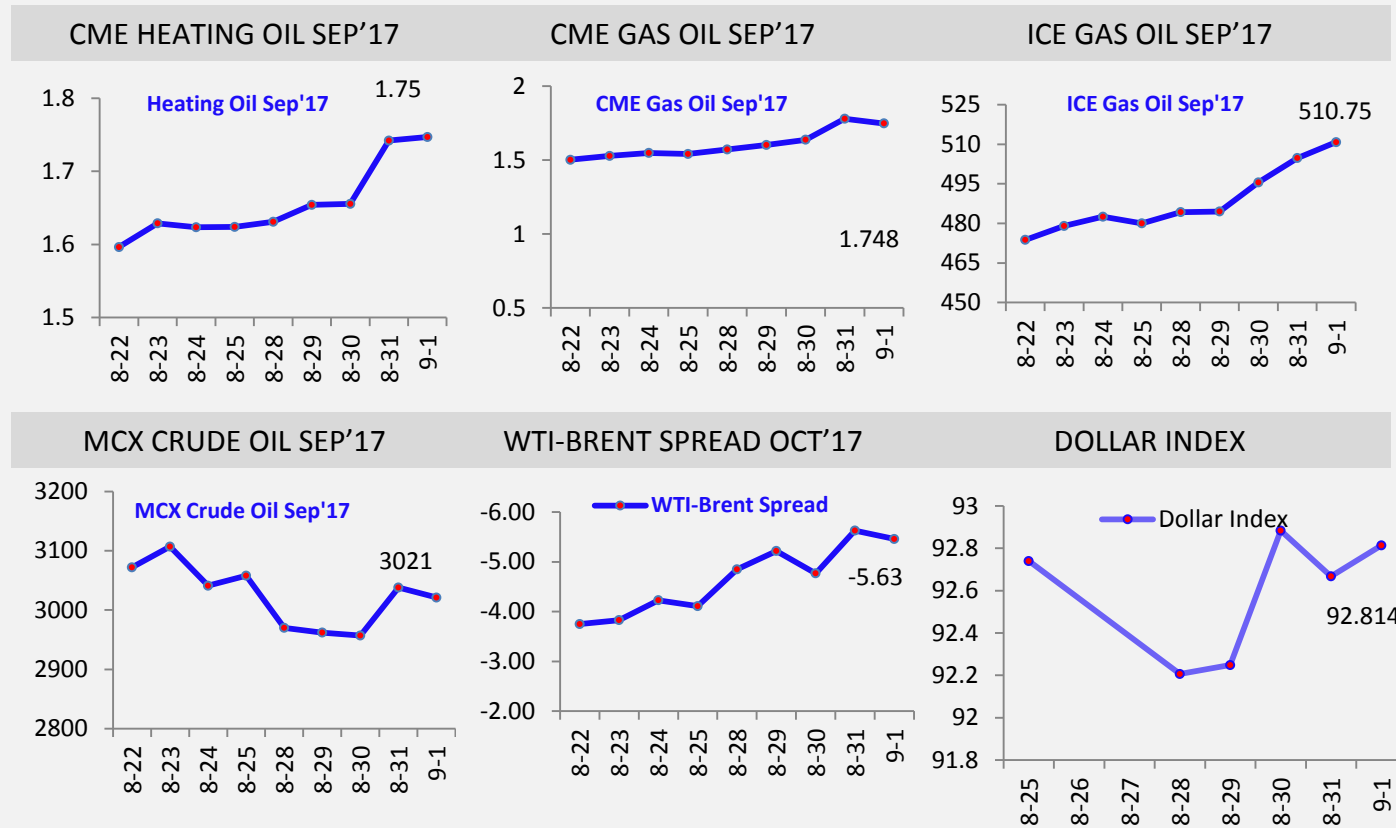
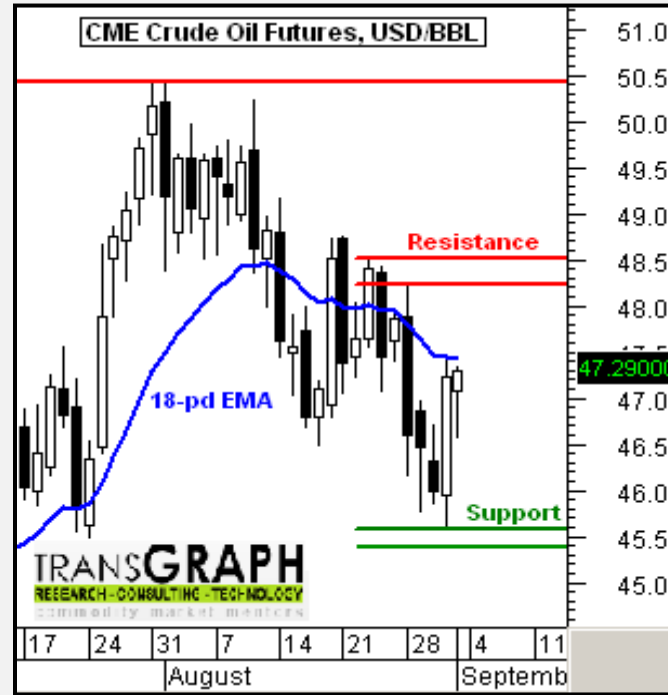
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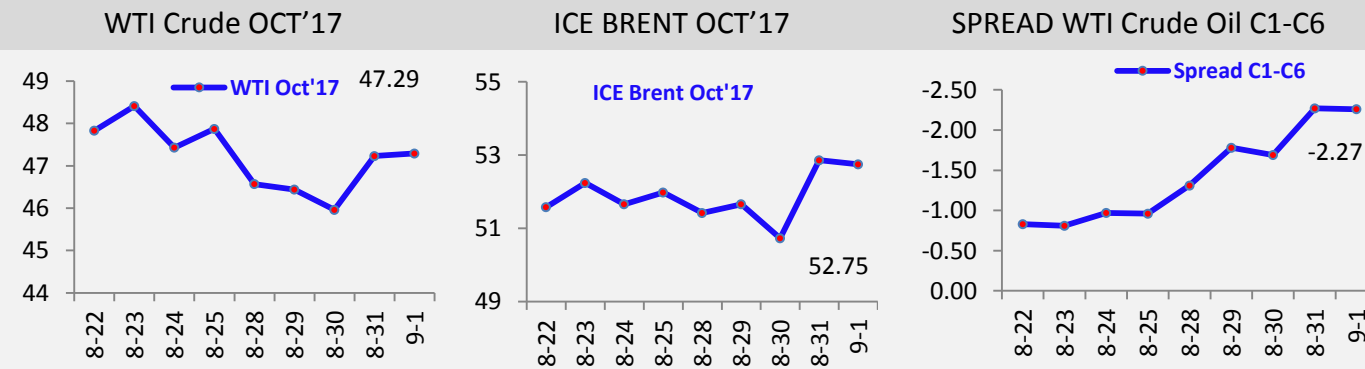


- ❖ On the upside resistance in the zone of USD 47.00 to 48.00 is crucial for the subsequent downside move.
- ❖ On the daily technical set up 9 –Day RSI has turned up and hence consolidation is likely to follow in the coming few trading days.

Concisely, Prices are likely to find support around 45.50 and consolidate higher in the coming trading days.



Mini Charts



Market Prices

Exchange	Contract	1 Sep 2017				Change	Previous Close
		Open	High	Low	Close		
CME WTI	Oct'17	47.08	47.35	46.56	47.29	0.06	47.23
Crude Oil	Nov'17	47.87	48.03	47.39	47.99	0.03	47.96
ICE Brent	Nov'17	52.84	52.95	52.24	52.75	-0.11	52.86

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Exchange	Contract	1 Sep 2017				Change	Previous Close
		Open	High	Low	Close		
Crude Oil USD/BBL	Dec'17	52.78	52.94	52.24	52.79	-0.05	52.84
CME Heating Oil USD/Gallon	Oct'17	1.750	1.753	1.710	1.747	0.00	1.742
CME Gas Oil USD/Gallon	Nov'17	1.724	1.733	1.696	1.730	0.01	1.720
CME Gas Oil USD/Gallon	Oct'17	1.774	1.783	1.696	1.748	-0.03	1.779
ICE Gas Oil USD/MT	Sep'17	512.00	515.00	504.00	510.75	6.00	504.75
	Oct'17	511.00	513.75	503.00	509.25	6.00	503.25
MCX Crude Oil INR/BBL	Sep'17	3018	3029	2984	3021	-17.00	3038
	Oct'17	3079	3088	3051	3077	-13.00	3090
WTI-Brent spread USD/BBL	Nov'17	-4.97	-4.92	-4.85	-4.76	0.14	-4.9

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Report	Coverage #	Price Outlook & Strategies
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Monthly Crude oil special report	FA, BS, TA, PO, 2M	US.WTI.NYMEX, UK.BRENT.ICE

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