Energy Daily

Tuesday, 08 October 2019

Energy Benchmarks

<table>
<thead>
<tr>
<th>Product</th>
<th>Opening Price</th>
<th>% Change from previous day OP</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICE BRENT</td>
<td>58.47</td>
<td>0.78%</td>
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<tr>
<td>NYMEX WTI</td>
<td>52.81</td>
<td>0.23%</td>
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<tr>
<td>TOCOM</td>
<td>35880</td>
<td>1.33%</td>
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</tbody>
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Source: Bloomberg

Oil regains footing over new round of US-China trade talks

Market Overview

NYMEX WTI (Nov 19) closed at $52.75 per barrel on Monday 08/10/19 with a 0.11% loss against Friday’s closing price. WTI crude oil futures steadied for the 2nd consecutive day as markets pivot towards high-levels trade talks between the United States and China. A 15th month trade row between the world’s two largest economies has raised demand-side concerns substantially as traders grapple with subdued global economic momentum. A third consecutive week gain in US crude oil inventories have further prompted bearish bias as markets fret over looser fundamentals in the coming term. Oil prices though finding support at key technical levels, will continue to face headwinds over looming downside risks.

Key Market Commentaries

Key performance indicators to monitor and observe for crude oil futures.

Market Updates: How will high-level US-China trade talks impact oil prices?

High-level US-China trade talks are scheduled to take place on 10th October (Thursday) in Washington. A prolonged trade spat between the world’s two largest economies has afflicted severe weakness on global risk appetites as markets fret over supply chain disruptions and diminishing business confidence levels. Should US-China trade negotiations take a turn for the worst, pessimistic market sentiments will impose sharp negative pressures oil prices. A bullish breakthrough between both parties will move oil prices upwards however as risk sentiments improve for the near term.

Daily Market Assessment

Shaky economic fundamentals and a third consecutive week build in US inventories have imposed severe headwinds on oil prices (Oct 19). Oil prices though edging up from technical buying activities remain fragile over strong negative biases. The outcome of the coming US-China trade negotiations will be instrumental towards oil price trajectory for the near term.

Today’s Outlook: Range-Bound (WTI: 52.00 - 53.95)

Mid-Term Market Assessment

Repeated downward revisions on global oil demand projections have imposed severe headwinds on oil prices in H2 2019. Flagging economic growth, US trade protectionist policies along with robust shale production have capped upside gains despite geopolitcal uncertainties in the Middle East. Oil prices though suffering from strong negative pressures will show for range-bound conditions amid OPEC-led supply cuts.

Q4 2019: West Texas Intermediate (WTI) – 55.00 - 60.00 (Range-Bound)

Get today’s analysis on market fundamentals and pricing action here!

Get technical analysis, economic calendars and pricing charts on the second page of the report.

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Please carefully read the important disclosures at the end of this publication.
Technical Analysis for Crude Oil – WTI

WTI crude oil futures edged up for the 2nd consecutive day over strong support at key technical level of 50.63 (23.6%). Severe negative bias continues to limit upside gains however as market bulls struggle to consolidate early gains. Oil prices must break above 53.99 for an extension of the bullish wave towards the next main station of 55.65 (38.2%) for the coming term.

Today’s trading range for WTI (Nov 19) to be between:
Key Resistance Level (1) & (2): 53.99 & 55.65 Key Support Level (1) & (2): 52.00 & 50.63

<table>
<thead>
<tr>
<th>Weekly Economic Indicators</th>
<th>EIA Weekly Crude Oil Stocks (Change)</th>
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</thead>
<tbody>
<tr>
<td><strong>API Inventory Report</strong></td>
<td><strong>Period</strong></td>
</tr>
<tr>
<td>09/10/2019</td>
<td>0430hrs (SG)</td>
</tr>
<tr>
<td><strong>EIA Inventory Report</strong></td>
<td>09/10/2019</td>
</tr>
<tr>
<td><strong>Baker Hughes Oil Rig Count</strong></td>
<td>12/09/2019</td>
</tr>
<tr>
<td><strong>CFTC NYMEX MM Positions</strong></td>
<td>12cla/09/2019</td>
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**Source**: PFPL/Bloomberg
Diagram 1.1 – EIA Weekly Crude Oil Inventories

Chart type: Bloomberg – EIA Weekly Crude Oil Inventories – 27th September 2019

Diagram 1.2 – EIA Weekly Gasoline Inventories

Chart type: Bloomberg – EIA Weekly Gasoline Inventories – 27th September 2019
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