



## Market Headline: Crude oil awaits OPEC+ decision after reserves supply releases

### A Mid-Morning Market Commentary

#### Summary

- Brent Crude slips awaiting OPEC+ response to U.S.-led crude release.
- OPEC panel estimates SPR releases will swell global oil surplus in Q1 -Bloomberg
- Wednesday's weekly EIA report was mixed for energy prices.

Brent Crude Oil prices were little change on Thursday morning in Asia with investors waiting to see how major producers respond to the emergency crude release by major consuming countries designed to cool the market, even as data pointed to healthy U.S. fuel demand.

Brent crude futures were up 17 cents to \$82.42 a barrel 1100 SGT after losing 6 cents on Wednesday. The Jan Brent contract crude had settled at \$82.25 a barrel while the Nymex WTI January Crude Oil contract closed - \$0.11 at \$78.39 a barrel on Wednesday. Nymex is closed today for the Thanksgiving holidays.

A rally in the dollar index to a 16-month high Wednesday weighed on energy prices along with the worsening pandemic in Europe that may lead to tighter restrictions that curb energy demand. Losses in crude were limited by concern that OPEC+ may not raise its crude production levels when they meet on Dec 2 after the world's largest crude-consuming countries released crude supplies from their strategic reserves.

All eyes are now on the Organization of the Petroleum Exporting Countries, Russia and allies, together called OPEC+, who are due to meet next week to discuss oil demand and supply.

The group has been adding 400,000 barrels per day of supply each month unwinding record output cuts made last year when pandemic curbs slammed demand. OPEC+ is not discussing pausing its oil output increases, despite the decision by the United States, Japan, India and others to release emergency oil stocks - market whispers said.

**Written By:** Avtar Sandu  
**Rep No.:** ASX100038851  
**Phone:** (65) 65311509  
**Email:** [avtar@phillip.com.sg](mailto:avtar@phillip.com.sg)  
[pfpl\\_commentaries@phillip.com.sg](mailto:pfpl_commentaries@phillip.com.sg)

Please carefully read the important disclosures at the end of this publication.

Traders are also looking out for whether China will follow through on plans to release oil from its reserves. China, the world’s largest crude importer, was non-committal about its intentions to release oil from its reserves as requested by the United States.

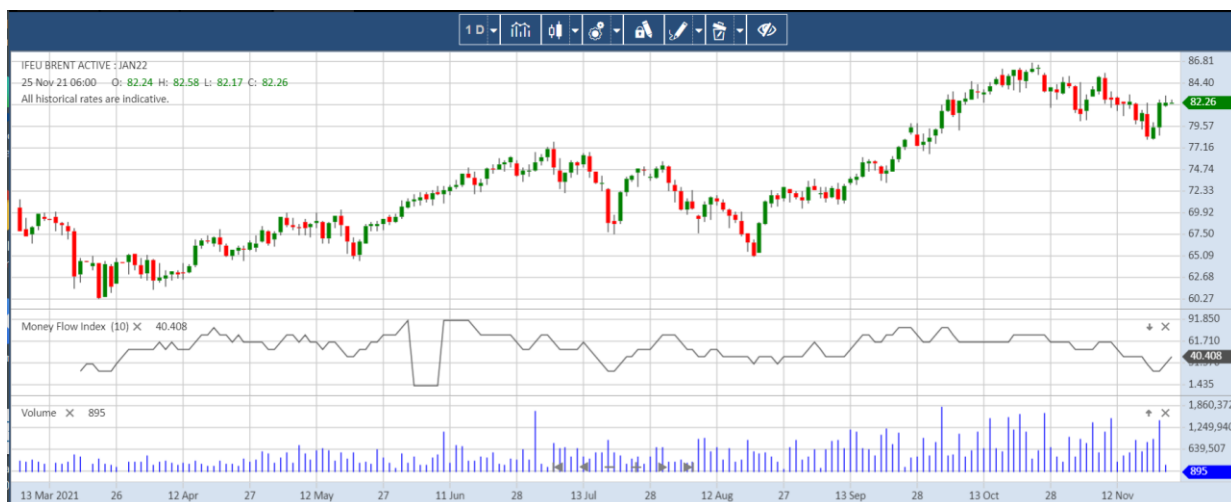
The advisory body of the Organization of the Petroleum Exporting Countries expects that a release of oil stockpiles by the United States and other consuming nations will expand a projected global surplus of oil early next year, Bloomberg reported on Wednesday. OPEC’s Economic Commission Board projects that the excess in world crude oil markets would grow by 1.1 million barrels per day to 2.3 million bpd in January and 3.7 million bpd in February if consumer nations enacted their promised releases during those months, Bloomberg reported.

Wednesday’s weekly EIA report was considered mixed for energy prices. On the bearish side, weekly EIA crude inventories unexpectedly rose +1.02 million bbl versus expectations of a draw of -1.5 million bbl. Also, crude supplies at Cushing, the delivery point of WTI futures, rose +787,000 bbl. On the bullish side, EIA gasoline inventories fell -603,000 bbl to a 4-year low, a bigger draw than expectations of -400,000 bbl. Also, EIA distillate stockpiles fell -1.97 million bbl to a nearly 2-year low, a bigger draw than expectations of -1.05 million bbl.

### Market View

In the short-term oil market may be volatile with frequent pull-back and rallies. Crude prices may feel the effects of demand destruction at high prices but as yet there are highly any signs that demand is waning. Although there is a possibility of additional OPEC+ barrels or a release from the SPR flooding the market. We can expect overall global GDP growth to hold up energy demand amid the energy crunch in Europe and China. Expectations of air travel picking up and increased number of vaccinations negating the spread of the Delta variant coronavirus is generally expected to hold up demand. On the supply-side OPEC+ have no stated plans to increase output beyond their agreements even amid the energy crises. Oil prices even though are at technically overbought levels, prices can rise higher on tight fundamentals. The major trend up is still intact but the main protagonists in the crude oil picture, from consuming and producing countries seem comfortable with lower oil prices.

IFEU Brent Crude Oil January22 Daily



(Courtesy of Phillip Nova)

## GENERAL DISCLAIMER / DISCLOSURE

This publication is prepared by Phillip Futures Pte Ltd., 250 North Bridge Road, #07-01, Raffles City Tower, Singapore 179101 (Registration Number: 198305695G), which is regulated by the Monetary Authority of Singapore ( "Phillip Futures"). By receiving or reading this publication, you agree to be bound by the terms and limitations set out below.

This publication has been provided to you for personal use only and shall not be reproduced distributed or published by you in whole or in part, for any purpose. If you have received this document by mistake, please delete or destroy it, and notify the sender immediately. Phillip Futures shall not be liable for any direct or consequential loss arising from any use of material contained in this publication.

The information contained in this publication has been obtained from public sources which Phillip Futures has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this publication are based on such information and are expressions of belief of the individual author or the indicated source (as applicable) only. Phillip Futures has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete, appropriate or verified or should be relied upon as such. Any such information or Research contained in this publication is subject to change, and Phillip Futures shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will Phillip Futures or persons associated with or connected to Phillip Futures, including but not limited its officers, directors, employees or persons involved in the preparation or issuance of this report, (i) be liable in any manner whatsoever for any consequences (including but not limited to any special, direct, indirect, incidental or consequential losses, loss of profits and damages) of any reliance or usage of this publication or (ii) accept any legal responsibility from any person who receives this publication, even if it has been advised of the possibility of such damages. You must make the final investment decision and accept all responsibility for your investment decision including but not limited to your reliance on the information, data and/or other materials presented in this publication.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this material are as of the date indicated and are subject to change at any time without prior notice.

Past performance of any product referred to in this publication is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This publication should not be relied upon exclusively or as authoritative without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this publication has been made available constitutes neither a recommendation to enter into a particular transaction nor a representation that any product described in this material is suitable or appropriate for the recipient. Recipients should be aware that many of the products which may be described in this publication involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this research should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this publication, and may have performed services for or solicited business from such issuers. Additionally, Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may have provided advice or investment services to such companies and investments or related investments as may be mentioned in this publication.

Phillip Futures or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold a interest, whether material or not, in respect of companies and investments or related investments which may be mentioned in this publication. Accordingly, information may be available to Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, which is not reflected in this material, and Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Futures, or persons associated with or connected to Phillip Futures, including but not limited its officers, directors, employees or

persons involved in the preparation or issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this material.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Futures to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

Section 27 of the Financial Advisers Act (Cap. 110) of Singapore and the MAS Notice on Recommendations on Investment Products (FAA-N01) do not apply in respect of this publication.

This material is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this material may not be suitable for all investors and a person receiving or reading this material should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

Please contact Phillip Futures at [65 65338017] in respect of any matters arising from, or in connection with, this document.

This report is only for the purpose of distribution in Singapore.