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- WTI Crude oil future contract is now trading near 109.70 which is marginally higher from last week's low of 101.53 registered on 22 June 2022. However prices are still below recent top of 123.68 registered on 14 June 2022. Crude oil has been fluctuating over the past few weeks due to conflicting emotions surrounding the poor oil demand projection brought on by recessionary fears and the tight supply situation brought on by the ongoing Russia-Ukraine conflict.
- The US Gross Domestic Product shrank by 1.6 percent in the first quarter compared to a 6.9 percent gain in the fourth quarter of last year, which kept the rise in crude oil prices muted. The GDP report confirmed market expectations that the US was entering a recession, which is bad news for oil prices. Additionally, Eurozone Jun economic confidence fell -1.0 to a 15-month low of 104.0. In addition, the Japan Jun consumer confidence index unexpectedly fell -2.0 to a 17-month low of 32.1.
- The monthly release of OPEC+ production level is expected to provide crude oil prices more direction later today. Organization of Petroleum Exporting Countries (OPEC) members and their allies, notably Russia, have already announced that they will produce 50% more oil in July than in June. Saudi Arabia and the United Arab Emirates have been seen as the only two members of the Organization of the Petroleum Exporting Countries (OPEC) with spare capacity to make up for lost Russian supply. The prospect of additional crude supplies from OPEC appears limited and supports crude prices.
- French President Macron told U.S. President Biden that he talked with United Arab Emirates (UAE) ruler Sheikh Mohammed bin Zayed who said the UAE and Saudi Arabia are already pumping about as much crude as possible.
- According to the CFTC Commitments of Traders report for the week ended 21 June, net long of crude oil futures dropped by 13444 contracts to 289502. Speculative longs dropped by 20931 contracts while shorts dropped by 7487 contracts.
- As Beijing and Shanghai gradually reopen their economies and the rate of new Covid infections slows, energy consumption in China is projected to rise.
- Reduced Libyan crude supplies are a positive for crude. Due to armed government demonstrators, almost all oil and gas operations in the east of Libya are currently being shut down. Libyan crude output fell by 140,000 bpd to 760,000 bpd in May 2022, remaining at a 1-1/2 year low. Additionally, a decline in Ecuador's crude exports is likely to sustain current oil prices. According to the Energy Ministry of Ecuador, if blockages and oil well vandalism persist, the nation's oil production may completely cease within 48 hours. Ecuador's oil production has decreased more than 50% below the norm of 520,000 bpd as a result of anti-government violence, according to the Energy Ministry.
- The amount of crude held worldwide in floating storage on tankers fell last week, a bullish factor for crude prices. Vortexa reported Monday that the amount of crude stored on tankers that have been stationary for at least a week in the week ended June 24 fell -15% w/w to 90.96 million bbl.
- The outlook for a resumption of nuclear talks with Iran that could lead to the lifting of restrictions on Iranian crude exports is bearish for prices. On Monday, Iran's Foreign Ministry said that talks to revive the 2015 nuclear deal with world powers would resume this week.
- The Energy Information Administration (EIA) said on Wednesday that US crude oil stocks decreased over the course of the previous two weeks, dropping by 2.8 million barrels for the weeks ending June 17 and June 24. A rise in petroleum product inventories, however, has countered the price increase. For the combined period, gasoline and distillate inventories both increased by 2.6 million barrels. Wednesday's weekly EIA report showed that U.S. crude oil inventories as of June 24 were -13.3% below the seasonal 5-year average, gasoline inventories were -8.4% below the 5-year average, and distillate inventories were -20.6% below the

5-year average.

- The number of operating U.S. oil rigs increased by 10 rigs to a 2-year high of 594 rigs in the week ending June 24, according to a data published last Friday by Baker Hughes. The number of U.S. operating oil rigs has more than tripled from the 172 rigs that were at a 17-year low in August 2020, indicating a rise in the country's potential to produce crude oil. Meanwhile US crude oil production in the week ended June 24 rose +0.8% w/w to a 2-year high of 12.1 million bpd, which is -1.0 million bpd (-7.6%) below the Feb-2020 record-high of 13.1 million bpd.

Outlook

- While trading below a crucial resistance level of \$115.7, WTI crude oil is likely to remain under pressure; however, an immediate support range might be found between \$103.7 and \$98.30.

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