
Oil prices to get fresh direction from OPEC+ meeting and Inventory report later today

Oil prices to get fresh direction from OPEC+ meeting and Inventory report later today

- WTI Crude oil prices traded firm today after API inventory report, now trading near \$88.58 which is sharply higher from last week low of \$81.90. However market is still cautious ahead of OPEC+ meeting later today.
- Goldman Sachs warned Tuesday that OPEC+ might announce a bigger-than-expected increase in its March crude production levels due to the recent surge in prices. OPEC+ technical panel meeting on Tuesday did not discuss a hike of more than the expected 40,000 barrels per day from March.
- OPEC crude output increased by 50,000 barrels per day in January, reaching a three-and-a-half-year high of 28.14 million barrels per day. Due to a militant blockade of Libya's oilfields, petroleum production plummeted by -140,000 bpd in January. Russia Jan crude production rose +0.6% m/m to 10.99 million bpd, above its OPEC+ quota of 10.122 million bpd.
- Reduced fear of the omicron version spreading may allow travel restrictions to be relaxed, which is good news for gasoline demand and crude prices. The US now has a seven-day average of almost 450,000 new cases each day, down 36% from the previous two weeks. The number of Covid patients in U.S. hospitals is currently at 140,000, down from a high of 159,400 on Jan. 20.
- The consensus is for Wednesday's weekly EIA crude inventories to climb +1.8 million bbl meanwhile the API reported U.S. crude supplies fell -1.645 million bbl last week. The EIA report due later today is expected to provide fresh direction for oil prices. According to last week's report, US crude oil inventories as of January 21 were -7.9 percent lower than the seasonal 5-year average, gasoline inventories were -1.8 percent lower, and distillate inventories were -17.8 percent lower.
- According to the CFTC Commitments of Traders report for the week ended January 25, net long of crude oil futures sank by 12366 contracts to 373415. Speculative longs dropped by 10868 contracts while shorts added 1498 contracts. However prices rally this week is likely to increase in net long position for upcoming data.
- Baker Hughes reported last Friday that US energy companies added oil and natural gas rigs for the 18th month in a row, as oil prices surged to their highest since 2014 last week, prompting more drillers to return to the wellpad. US oil rigs increased by +4 rigs in the week ending January 28 to a 1-3/4 year high of 495 rigs. The number of active oil rigs in the United States has increased dramatically since a 15-year low of 172 rigs in August 2007. An increase in the number of rigs indicates an increase in US crude oil production capacity.

- Global economic data was mixed for energy demand on Tuesday. U.S. Dec JOLTS job openings unexpectedly rose +150,000 to 10.925 million, against expectations of a decline to 10.300 million. Also, the Eurozone Dec unemployment rate fell -0.1 to a record low 7.0% (data from 1999), against expectations of 7.1%. The Japan Jan Jibun Bank manufacturing PMI was revised upward to a record high of 55.4 from the previously reported 54.6. However, US Dec construction spending rose +0.2% m/m, against expectations of +0.6% m/m. German Dec retail sales fell -5.5% m/m, against expectations of -1.4% m/m and the biggest decline in 8 months.

Outlook

- Crude oil prices are likely to trade firm while above key support level of \$85.55-\$84.55 meanwhile key resistance level could be seen around \$90.20-\$91.51

DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: kamlesh.jogi@abans.co.in

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: info@abans.co.in | Website: www.abans.co.in

Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website www.abans.co.in Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
 - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance – No
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance – No
- ▲ Receipt of Compensation –
 - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on compliance@abans.co.in