

---

Fears about supply and demand are keeping oil prices under pressure

---

---

## FEARS ABOUT SUPPLY AND DEMAND ARE KEEPING OIL PRICES UNDER PRESSURE

---

- WTI Crude oil fell dramatically ahead of the United States' expected announcement of a coordinated release of reserves. After hitting a low of \$74.76 per barrel, WTI crude oil is now trading near \$75.91 per barrel, continuing its downward trend from a recent high of \$85.41 per barrel in October.
- The US is preparing to announce the release in coordination with other nations. The move, likely in conjunction with India, Japan and South Korea, would be an unprecedented effort by consumers to tame prices. China said it's also working to tap reserves. As per Bloomberg report, The U.S. is considering a release of more than 35 million barrels over time. However, OPEC+ issued a warning that it may not restore as much crude to the global market if consumers go ahead with the move. However, OPEC+ will meet on Dec 2 to contemplate an increase of 400,00 bpd in January.
- According to preliminary figures released by the oil ministry's Petroleum Planning & Analysis Cell, India imported 17.1 million tonnes of oil products in October, up from 15.4 million tonnes a year earlier. Imports from India are expanding as lockdown regulations in many major cities loosen. Crude oil prices are also expected to benefit from the forthcoming Thanksgiving holiday in the United States, which is expected to boost jet fuel consumption. According to Bloomberg, jet fuel demand is expected to rise by 50,000 bpd.
- Crude oil prices are also under pressure as a result of an increase in the number of new delta variant covid cases being reported around the world. To combat the rise of new Covid infections in Germany, Europe's largest economy, German Chancellor Angela Merkel has advocated for stronger restrictions. Due to an increase in Covid infections, Austria said last Friday that it will enforce a 20-day statewide lockdown beginning November 22.
- On the economic front, the October Chicago Fed national activity index increased by 0.94 points to 0.76, compared to 0.10 expected. In addition, existing house sales in the United States unexpectedly gained +0.8 percent m/m in October, to a nine-month high of 6.34 million, vs predictions of a decrease to 6.20 million. However, defying estimates of -5.5, the Eurozone consumer confidence barometer plunged -2.0 to a 7-month low of -6.8 in November. For energy consumption and oil prices, global economic data is ambiguous.
- According to the weekly EIA data released last Wednesday, US crude oil stockpiles were -7.3 percent below the seasonal 5-year average as of November 12, gasoline inventories were -4.2 percent below the 5-year average, and distillate inventories were -5.3 percent below the 5-year average. In the week ending November 12, US crude oil output declined -0.9 percent w/w to 11.4 million bpd, a drop of -1.7 million bpd (-13.0%) from the record high of 13.1 million bpd set in February 2020.
- Last Friday, Baker Hughes reported that active U.S. oil rigs increased by 7 rigs in the week ending November 19, reaching a 19-month high of 461 rigs. Active oil rigs in the United States have climbed substantially from a 15-year low of 172 rigs last August, indicating an increase in crude oil production capacity in the United States.

- The net long of crude oil futures fell by 5,527 contracts to 4,15,785, according to the CFTC Commitments of Traders report for the week ended November 16. Longs were down 42,410 contracts, while shorts were down 36,883 contracts. As the market fall from the October top continued, both long and short positions were cut.

## Outlook

- Crude oil prices are projected to remain in a downward trend due to concerns about increased supplies and weaker demand as a result of a new covid-related worldwide lockdown. WTI oil prices are likely to confront severe resistance around the 50-day and 20-day exponential moving averages (EMAs) of 78.40 and 79.30, respectively, while immediate support could be found around \$72.80 and 68.30.

---

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

---

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: [kamlesh.jogi@abans.co.in](mailto: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](mailto:info@abans.co.in) | Website: [www.abans.co.in](http://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](http://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](mailto:compliance@abans.co.in)