
Limited supply and increasing demand to keep oil prices firm

LIMITED SUPPLY AND INCREASING DEMAND TO KEEP OIL PRICES FIRM

- WTI Crude oil is now trading at 83.20 moderately lower from recent high of \$85.41 registered on Monday. However prices are still at multiyear high on the back drop of limited global oil supplies and signs of increasing demand.
- On economic data front US Sep new home sales jumped +14.0% m/m to a 6-month high of 800,000, against expectations of 756,000. Also, the Conference Board's U.S. Oct consumer confidence index unexpectedly rose +4.0 to 113.8, against expectations of a decline to 108.0. In addition, the Oct Richmond Fed manufacturing survey rose +15 to 12, stronger than expectations of 5. US economic data was supportive for energy demand and positive for crude oil prices.
- Saudi Aramco's CEO said on Tuesday that global oil-production capacity is rapidly declining, causing "huge concern as capacity shrinks."
- If the pandemic in the United States improves, the lockdowns and travel restrictions may be lifted. On Monday, the seven-day average of new Covid infections in the United States fell to 70,668, a two-and-a-half-month low. This is likely to have a positive impact on energy demand.
- However, Russian Deputy Prime Minister Novak said that Russia expects OPEC+ to increase its output by 400,000 bpd at its Nov 4 meeting which is negative for crude oil prices.
- Additionally Crude oil prices are likely to be hampered by the resumption of nuclear talks between Iran and Western powers, which could lead to the lifting of sanctions against Iran and the entry of Iranian crude oil onto the global market. Today, Iran and the EU are meeting in Brussels as a precursor to the resumption of broader talks in Vienna.
- The official Inventory report due later today is likely to have an impact on crude oil prices. The consensus is for the weekly EIA crude inventories to rise by 2.0 million barrels on Wednesday. Meanwhile, the API reported that US crude supplies increased by 2.32 million barrels per week last week, while gasoline stockpiles increased by 530,000 barrels per week.
- According to the weekly EIA report released last Wednesday, U.S. crude oil inventories were -6.1 percent lower on October 15 than the seasonal 5-year average, gasoline inventories were -3.2 percent lower, and distillate inventories were -10.0 percent lower.
- Meanwhile, net long of crude oil futures increased by 24 818 contracts to 429 594, according to the CFTC Commitments of Traders report for the week ended October 19. Longs gained +1 719 contracts, while shorts lost -23 099 contracts. On the back of a power shortage, the front-month WTI crude contract has rallied for the seventh week in a row to a level last seen in 2014.
- Baker Hughes reported last Friday that active U.S. oil rigs fell by -2 rigs to 443, down from a one-and-a-half-year high of 445 rigs the week before.

Outlook

- Oil prices are expected to remain stable due to limited supply and rising demand. It will most likely find strong support near the 20-day EMA of \$80.62 and the 50-day EMA of \$76.75. Near \$86.10 and \$87.30, there is immediate resistance.

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