
WTI Crude oil is expected to confront tough resistance near \$69.50

WTI CRUDE OIL IS EXPECTED TO CONFRONT TOUGH RESISTANCE NEAR \$69.50

- Oil markets have opened firmer on Monday morning after a dismal close on Friday. After the Saudis raised their official selling prices (OSP) for all grades of their crude oil into Asia for January, WTI Crude oil is trading comfortably near US\$67.81/bbl, marginally higher than Thursday's low of \$62.43/bbl. Over the benchmark, Aramco's flagship Arab Light was raised by US\$0.60/bbl MoM to US\$3.30/bbl. All grades to the United States were likewise raised, but all grades to Europe saw their OSPs reduced in January.
- The November ISM services index in the United States unexpectedly surged +2.4 to a record 69.1 (data from 1997), beating expectations of a decrease to 65.0. Factory orders increased by +1.0 percent m/m and +1.6 percent m/m ex-transportation in October, outperforming expectations of +0.5 percent m/m and +0.6 percent m/m ex-transportation. In addition, the November unemployment rate in the United States decreased -0.4 percentage points to a one-and-a-half-year low of 4.2 percent, indicating a healthier labour market than the 4.5 percent expected. Despite this, nonfarm payrolls in the United States increased by 210,000 in November, falling short of estimates of +550,000 and marking the weakest gain in 11 months. US economic data was mixed for energy demand and oil prices.
- The net long of crude oil futures fell by 20,423 contracts to 3, 87,234, according to the CFTC Commitments of Traders report for the week ended November 30. Longs increased by 1,276 contracts, while shorts increased by 21,699 contracts.
- Crude oil prices are likely to remain affected due to Covid concerns which to undercut energy demand. As on Friday, at least six U.S. states reporting omicron variant cases and the 7-day average of new U.S. Covid infections climbing to a 1-3/4 month high on Thursday. Israel and Japan have already announced that they will close their borders to new foreign arrivals, and other countries have also announced travel restrictions. Germany on Thursday imposed strict curbs that will only allow people who are vaccinated or recovered from Covid into restaurants, theaters, and non-essential stores.
- However, Crude prices are supported as still Iranian crude to remain out of the global market as the Iranian nuclear talks drag on.
- Also, OPEC+ put a clause into the agreement to raise crude output by 400,000 bpd in January, saying they could revisit the decision to raise production at any time as the risk to energy demand from the omicron Covid variant becomes clearer.
- 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. Baker Hughes announced on Friday that the number of active U.S. oil rigs in the week ending December 3 remained constant at 467, a 19-month high.
- On November 26, US crude oil stockpiles were -6.4 percent lower than the seasonal 5-year average, gasoline inventories were -5.2 percent lower, and distillate inventories were -8.2 percent lower than the seasonal 5-year normal. Crude oil production in the United States increased by 0.9 percent week over week to 11.6 million barrels per day, down -1.5 million

barrels per day (-11.5 percent) from the record high of 13.1 million barrels per day reached in February 2020.

Outlook

- ▲ Fears about an increase in covid-19 infection around the world, as well as the quick spread of a new form known as 'omicron,' are likely to keep WTI crude oil prices under pressure. It is projected to encounter tough resistance about \$69.50-\$72, while immediate support can be found near \$66.50-\$66.

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