

# CRUDE OIL REPORT

November 6, 2023



Global Crude oil benchmarks moderated after posting a monthly decline in October. The prices languished near the recent lows as supply concerns driven by Middle East tensions eased, while recent U.S. job data raised hopes that the Fed is done with hiking interest rates in the biggest oil consuming economy.

## Global Economy

- The key global equity gauges were broadly over positive territory last week.
- The Federal Reserve held interest rates steady at 5.25-5.50% in last week's meeting.
- U.S. Non-farm payrolls increased by 150,000 for the month. The unemployment rate rose to 3.9%, the highest level since January 2022, amid a drop in household employment.
- China's NBS purchasing managers' index (PMI) dropped to 49.5 in October, undermining expectations for a stabilizing Chinese economy.

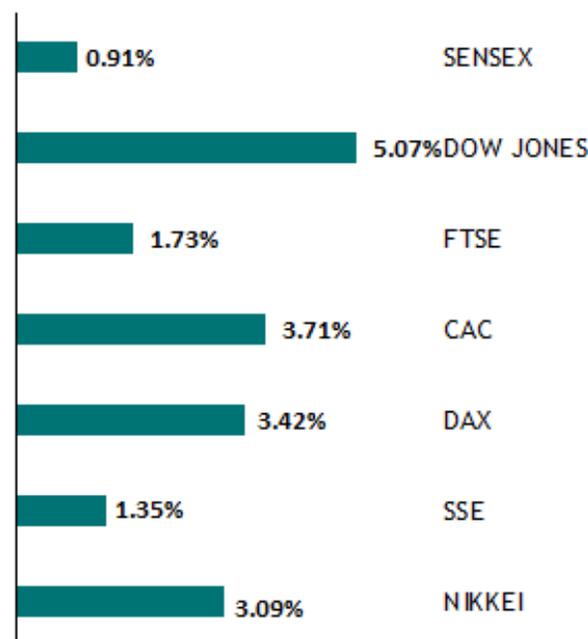
## Currencies

- The dollar index settled last week at 105.02 shedding 1.44 percent.
- Euro gained 1.56 percent, Japanese Yen gained 0.15 percent while Chinese yuan gained 0.23 against USD last week.
- Indian Rupee inched up against USD and settled at 83.14 last week.

## Energy

- Crude oil prices in global platforms marked a monthly fall in October.
- OPEC oil output has risen for a third straight month in October led by increases in Nigeria and Angola.
- Saudi Arabia and Russia reaffirmed their commitment to extra voluntary supply cuts until the end of the year.

## Indices



## Currency

Currencies	Close	WoW % Chg
Dollar Index Spot	105.021	-1.44%
Euro/US Dollar	1.0729	1.56%
US Dollar/ Japanese Yen	149.37	0.15%
US Dollar/ Indian Rupee	83.14	0.15%
US Dollar/ Chinese Yuan	7.3005	0.23%

\*Currency rates mentioned above are Friday closing rates

## Data/Events

Day	Data/Events
Tuesday	China - Trade Balance
Thursday	China - Inflation (CPI & PPI)



## WTI Crude retreat from yearly high

Crude oil prices marked a monthly decline in October and the prices seen languishing near the recent lows as supply concerns driven by Middle East tensions eased, while jobs data raised expectations the U.S. Federal Reserve could be done hiking interest rates in the biggest oil consuming economy. The West Texas Intermediate light sweet variant hit a four week low of USD 80 per barrel in the last week, while the Brent benchmark in the Intercontinental Exchange slipped to near USD 83 per barrel. However, towards the end of last week, prices perked up from the weekly lows as the middle east tensions eased.

## OPEC Crude oil output rises for third month in October

OPEC oil output has risen for a third straight month in October led by increases in Nigeria and Angola and despite ongoing cuts by Saudi Arabia and other members of the wider OPEC+ alliance to support the market. The Organization of the Petroleum Exporting Countries has pumped 27.90 million barrels per day (bpd) up by 180,000 bpd from September. Production in August had risen for the first time since February. The steady rise in OPEC output is largely being driven by a small number of producers managing to overcome internal or external factors that have curbed supply, such as U.S. sanctions or unrest. Nigeria boosted exports in October without any major disruption to shipments increasing output by 50,000 bpd. The country is targeting a further recovery by next year. Angola also boosted exports in October. Smaller increases came from Iraq and Iran. Iran's output edged up to 3.17 million bpd, to the highest since 2018, the year Washington re-imposed sanctions on Iran.

## Saudi Arabia, Russia to continue additional voluntary oil cuts

Top crude oil exporters Saudi Arabia and Russia confirmed that they would continue with additional voluntary oil output cuts until the end of the year as concerns over demand and economic growth continue to weigh on markets. Saudi Arabia confirmed it would continue with its additional voluntary cut of 1 million bpd translating into a production of around nine million bpd for December. Russia also announced it would continue its additional voluntary supply cut of 300,000 bpd from its crude oil and petroleum product exports until the end of December.

## Saudi Arabia keeps December Arab Light crude oil price to Asia steady

Saudi Aramco has kept its December Arab Light grade official selling price (OSP) for Asian customers unchanged from the prior month, pausing a five-month price hike cycle. The Middle Eastern oil kingpin set the OSP for Arab Light at USD4 a barrel over the Oman/Dubai average, the same premium as November. The price change for the Saudi flagship grade is in line with market expectations, as refiners weighed weak oil processing margins and supply uncertainties.

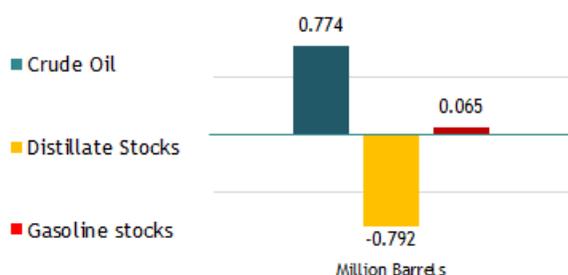
## Money managers reduced net Longs in NYMEX WTI Crude F&O

Money managers reduced net longs in U.S. WTI crude futures and options contracts in NYMEX platform the week ended on November 03, the U.S. Commodity Futures Trading Commission (CFTC) reported.

## U.S. Crude oil Inventory

U.S. crude stocks increased by 0.774 million barrels in the week ended on October 27, the EIA data showed. Distillate stocks were down by 0.792 million barrels while gasoline stocks increased by 0.065 million barrels. U.S. crude oil imports averaged 6.4 million barrels per day last week, increased by 412,000 barrels per day from the previous week. Refineries operated at 85.4 percent of their operable capacity in the week ended October 27.

## Weekly Inventory Change - U.S. EIA

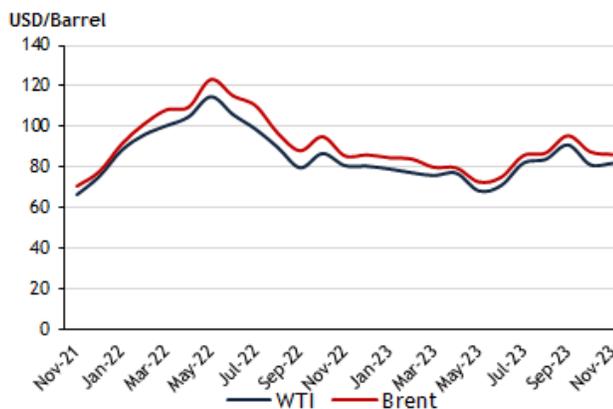


## Global Market Prices

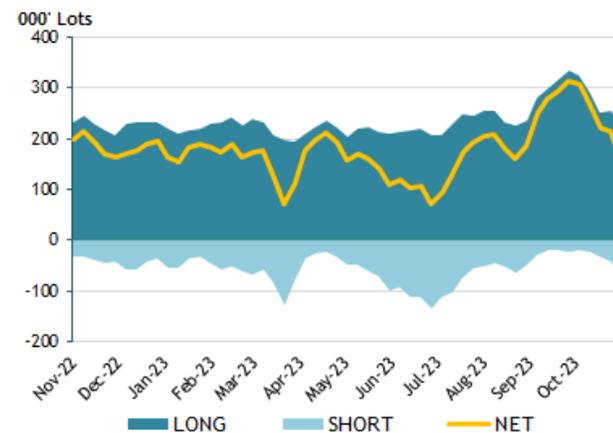
Crude	Close Price	MoM % Chg	YoY % Chg
NYMEX	80.51 (\$/bl)	-1.30%	0.58%
ICE	84.89 (\$/bl)	1.77%	2.32%
MCX	6696 (Rs/bl)	-1.09%	3.49%

\*Near month futures contracts in NYMEX, ICE and MCX  
\*Prices mentioned above are Tuesday 15:20 IST rates

## Performance of Major Benchmarks (USD/Bl)



## Money Managed F&O Positions in NYMEX



## Brent - WTI Spread





## Outlook

Crude oil prices are expected to get support from a constrained supply, as Saudi Arabia and Russia stick with their voluntary cuts. However, OPEC oil output has risen for a third straight month in October led by increases in Nigeria and Angola, the countries that are exempted from output cuts. As the winter approaches, lesser gasoline demand amid constrained supply conditions may keep the prices range bound.

## Technical View

**NYMEX Crude:** Extending rebound above 85 may strengthen the prices further. Weakness expected below 80.

**MCX Crude:** Voluminous surge above 7030 region may strengthen the momentum. Weakness expected if prices dip below 6620 region.

Trading Outlook		
Periodicity	NYMEX Dec	MCX Nov
Monthly View	RANGE BOUND	RANGE BOUND
Short Term View	RANGE BOUND	RANGE BOUND
Technical Levels		
Trading Range	\$91-78	Rs 7500-6400
Resistance 1	91	7330
Resistance 2	95	7500
Resistance 3	102	7880
Pivot	85	7030
Support 1	80	6620
Support 2	78	6400
Support 3	74.10	6020

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