

Monday, 09 July 2018

Crude Oil Futures:

	Front Brent	Dec18 Brent	Dec19 Brent	Front WTI
Current Price (\$/b) / Wkly Change:	77.58 (-1.16%)	76.92 (-0.63%)	72.63 (+0.83%)	74.10 (+0.58%)

Key Brent Levels:

	50-day Ave	100-day Ave	200-day Ave	Next Support	Next Resistance
Current Price (\$/b):	76.63	72.69	68.11	55.00	57.45

Refined Products Front Month Swaps:

	Gasoline (Eurobob)	Gasoil (ICE)	Jet (NWE)	Diesel (Rott)
Current Price (\$/MT) / Wkly Change:	716.70 (-0.44%)	669.35 (-0.21%)	718.35 (+0.12%)	668.85 (-0.21%)

Fuel Oil Front Month Swaps:

	3.5% Rott Barg	1% Rott Barg	Sing 380	Sing 180
Current Price (\$/MT) / Wkly Change:	432.20 (-0.88%)	431.50 (-1.20%)	450.45 (-0.57%)	459.45 (-0.99%)

Market Update

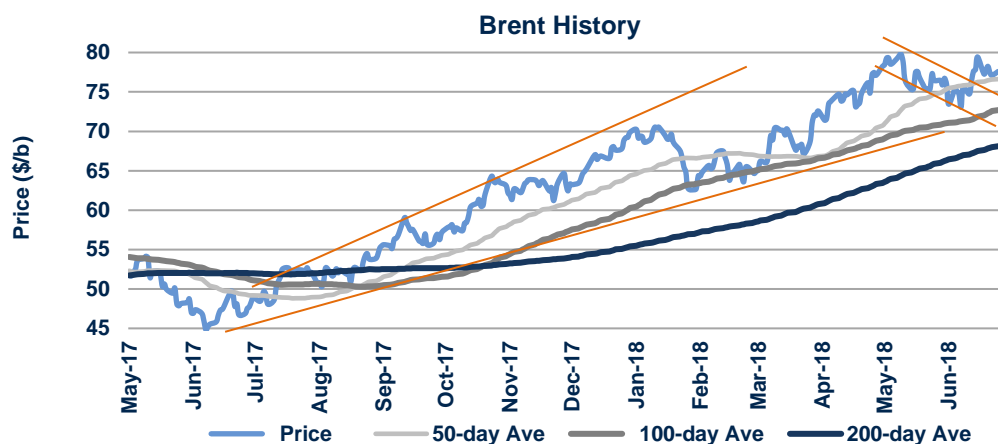
At the start of last week, the market was greeted by a typically candid tweet from President Trump:

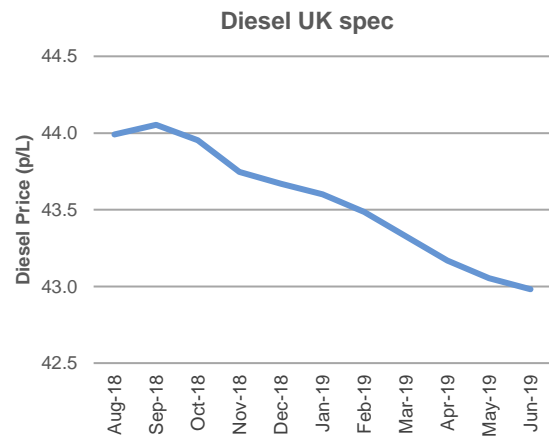
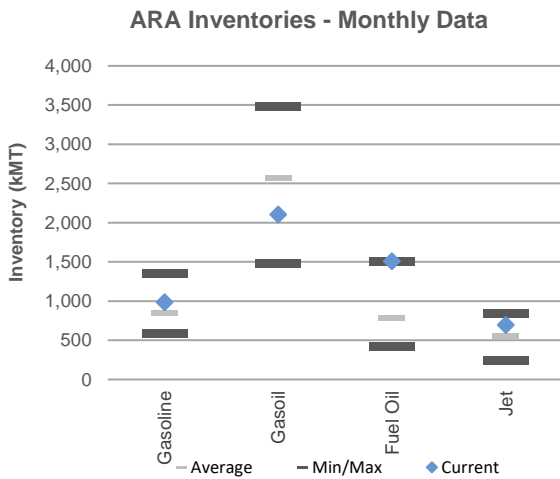
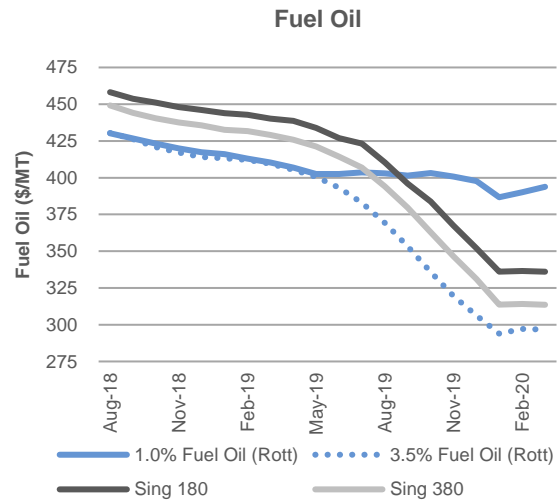
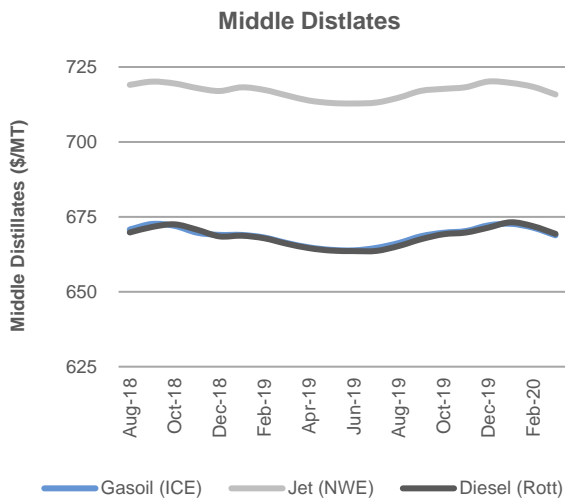
"Just spoke to King Salman of Saudi Arabia and explained to him that, because of the turmoil & disfunction in Iran and Venezuela, I am asking that Saudi Arabia increase oil production, maybe up to 2,000,000 barrels, to make up the difference...Prices to[o] high! He has agreed!"

By the end of the week it became clear that, whether at Trump's behest or not, the Saudi's had decided to increase production in a meaningful way and indeed had been doing so already according to reports that the Kingdom's June production figures would be 10.5m b/d, up by nearly 500k b/d on May. The market softened as a consequence and Brent relied on support from the 50-day average at 76.63 \$/b.

This weakness in Brent came in spite of threats from Iran to close the Strait of Hormuz at the mouth of the Persian Gulf (through which 17m b/d of crude is shipped) in retaliation for US sanctions. Mohammad Ali Jafari, commander of the Revolutionary Guards, was quoted as saying: "We will make the enemy understand that either everyone can use the Strait of Hormuz or no one [can]." Meanwhile, there is no end in sight to the disruption to Libyan exports.

US crude futures performed more strongly than Brent and set a new high of the year over 75 \$/b. Brent has entered a short term downward-sloping channel with resistance at 78 \$/b and support at the 50-day average and 75.50 \$/b area.





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