

Monday, 14 May 2018

Crude Oil Futures:

	Front Brent	Dec18 Brent	Dec19 Brent	Front WTI
Current Price (\$/b) / Wkly Change:	76.78 (+3.66%)	74.88 (+4.66%)	69.30 (+4.98%)	70.48 (+3.80%)

Key Brent Levels:

	50-day Ave	100-day Ave	200-day Ave	Next Support	Next Resistance
Current Price (\$/b):	70.69	68.94	63.42	76.50	78.00

Refined Products Front Month Swaps:

	Gasoline (Eurobob)	Gasoil (ICE)	Jet (NWE)	Diesel (Rott)
Current Price (\$/MT) / Wkly Change:	722.90 (+2.59%)	674.13 (+3.89%)	726.88 (+3.71%)	674.38 (+3.89%)

Fuel Oil Front Month Swaps:

	3.5% Rott Barg	1% Rott Barg	Sing 380	Sing 180
Current Price (\$/MT) / Wkly Change:	408.70 (+3.41%)	410.06 (+5.93%)	421.95 (+3.05%)	431.20 (+2.37%)

Market Update

Brent hit a high of 78 \$/b last week. Though it touched the level just for an instant early on Thursday morning, it is another milestone in oil's long recovery. The move coincided with Iran attacking the Golan Heights with rockets and Israel attacking Iranian targets within Syria which was seen by markets, rightly or wrongly, as highlighting the possible dangers ahead now the US has withdrawn from the Iran deal.

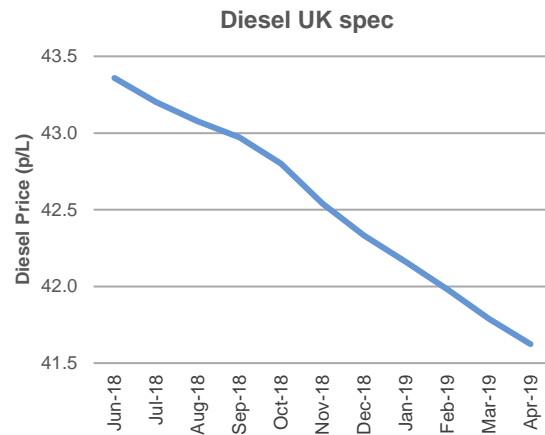
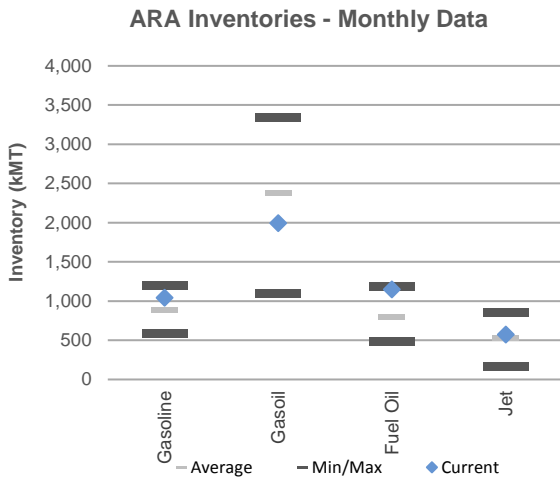
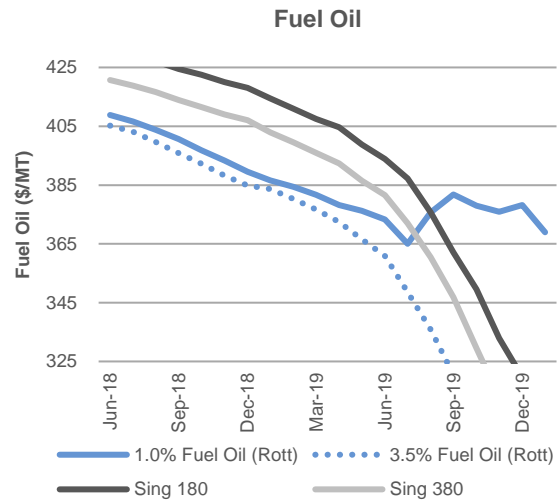
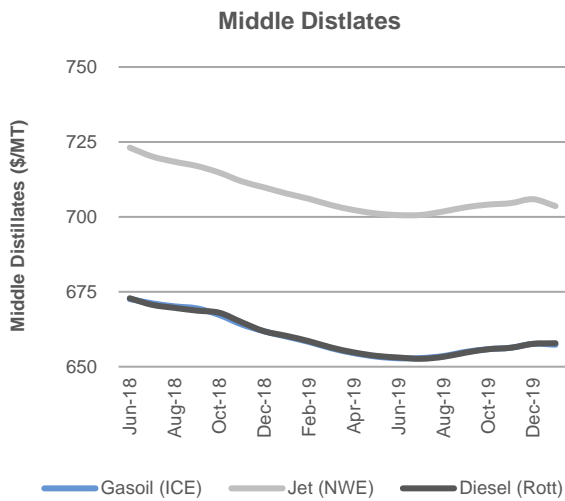
US crude has struggled to keep up with Brent though and the premium of Brent over WTI has increased to its widest level since the end of April. Interestingly, speculative long positions on Brent and US crude have actually been falling rather than increasing in recent weeks and this includes the latest available figures which are from last Tuesday. This is in spite of reasonable trading volumes.

The back end of the curve has also been doing well, in fact December 19 Brent has outperformed the front contract since the start of last week as the long dated contract rallied up towards 70 \$/b. This is a much more significant development for corporates from a hedging perspective than the gyrations of the front contract and may be a sign that producers are easing up on forward sales which had until now been tending to keep the back end of the curve in check.

There is now a lot of speculation about whether other OPEC members might increase production to fill the gap left by a fall in Iranian production, as there is about how much Iranian production will decline. Certainly other OPEC members, Saudi Arabia particularly, have capacity to increase production and no doubt this will be a topic for discussion at the OPEC meeting on the 22nd of June. For now we must keep a close eye on Iranian production and export figures to spot signs of a decline.

Brent History





Disclaimer & Important Information

This Market Commentary is provided for information purposes only and should not be construed as an offer, or a solicitation of an offer, to buy or sell any related financial instruments. This commentary has not been prepared in accordance with legal requirements designed to promote independent investment research.

The information contained in this commentary has been compiled from sources believed to be reliable but no representation or warranty, implied or not, is provided in relation to its accuracy, suitability or completeness. Any opinions, forecasts or estimates constitute a judgement as at the date of this report and do not necessarily reflect the view of Investec Bank plc ("Investec"), its subsidiaries or affiliates.

This commentary does not have regard to the specific investment objectives, financial circumstances or particular needs of any recipient and it should not be regarded as a substitute for the exercise of investors' own judgement. Investors should seek their own financial, tax, legal and regulatory advice regarding the appropriateness or otherwise of investing in any investment strategies and should understand that past performance is not a guide to future performance and the value of any investments may fall as well as rise.

This commentary is confidential and may not be disclosed or distributed to any third party without the prior written consent of Investec.

Investec Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. It is a member of the London Stock Exchange. Registered office 2 Gresham Street, London, EC2V 7QP.

Investec Bank plc 2018

