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# Crude Oil Futures Weekly Report

(Near Term: Bearish)

SUI Xiaoying, Research Institute of Founder CIFCO Futures

## Highlights:

Affected by both market risk-off and oil price war, INE SC has hit four consecutive limit-down reaching weekly plummet of 25%, immediately after WTI's near 30% plunge. As the COVID-19 continues its spread, recession fears weighed on global economy, tumbling stock, bonds, commodities markets. Global meltdown pressured the market, causing keener risk averse mood. The failed talk of OPEC+'s production cuts, in the end, turned out to be a trigger of raising production, and Saudi Arabia's oil price war fueled oil's further drop. Iraq and Iran, following Saudi Arabia's alleged cut of April sales price, also declared to lower price; Saudi Arabia and Russia meanwhile to boost output. The expected meeting on March 18 was canceled and a peace talk between oil producers cannot be relied on in the short term. Risk averse is keener in global market and continued to weigh on oil. A bottom is still remained to be seen.

## I. Market Data

Futures Market	Contract	Open (RMB)	Close (RMB)	Settlement (RMB)	Change (RMB)	Change (%)	Trading volume (10,000 lots)	Open interests (10,000 lots)	Price chart
	Contract	Open (USD)	Close (USD)	Settlement (USD)	Change (USD)	Change (%)	Trading volume	Open interests (10,000 lots)	Price chart
SC Crude dominant		257.00	267.10	260.50	4.90	1.87	973	330	
	WTI Crude dominant	31.35	33.23	32.11	1.25	3.91	3251	4362	
	Brent Crude dominant	34.56	36.35	35.44	1.15	3.27	3616	4175	
		2020/2/14	2020/2/7	Price chart			2020/2/21	2020/2/20	Price chart
Key Indicators	U.S. crude inventory (1,000 barrels)	451783	444119			SC1-2	-7.30	-8.20	
	U.S. petroleum inventory (1,000 barrels)	246999	253048			WTI1-2	0.38	0.48	
	U.S. distillate inventory (1,000 barrels)	128660	134464			Brent1-2	0.00	0.00	
	U.S. Cushing inventory (1,000 barrels)	37882	37178			Brent-WTI	2.12	1.72	
	Operation rate of U.S. refinery	86	87			Brent-SC	-2.30	-3.25	
	U.S. crude oil output (1,000 bpd)	13000	13100			NYMEX-RBOB crack spread	6.26	5.72	
	U.S. crude oil export volume (1,000 bpd)	3410	4154			NYMEX-Heating oil crack spread	15.66	16.73	
	U.S. active rig count	683	682			ICE-Diesel crack spread	12.84	13.00	

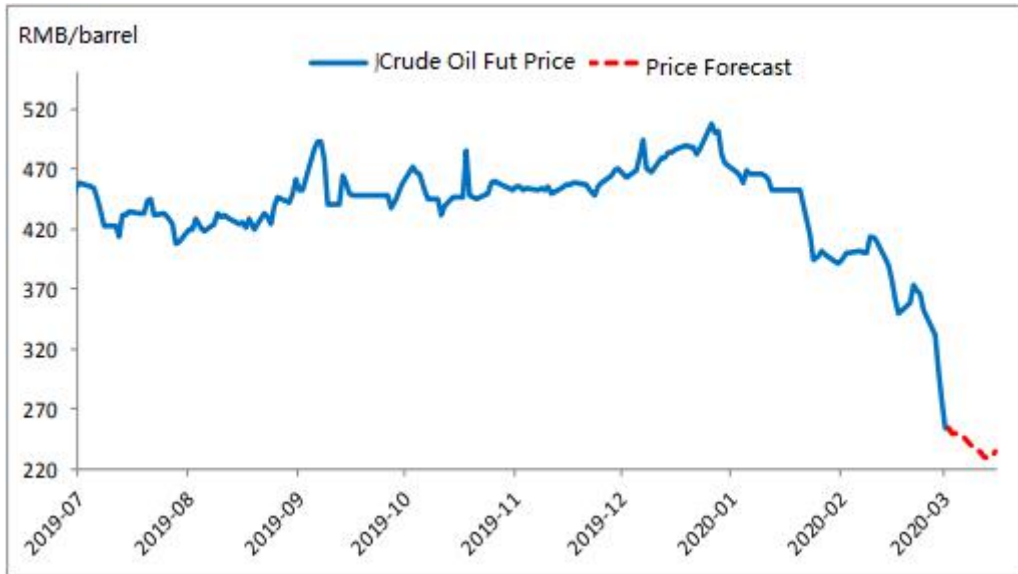


Chart: Crude oil futures price and forecast

Source: Wind, Research Institute of Founder CIFCO Futures

## II. Fundamentals of Crude Oil Market

Affected by both market risk-off and oil price war, INE SC has hit four consecutive limit-down reaching weekly plummet of 25%, immediately after WTI's near 30% plunge. As the COVID-19 continues its spread, recession fears weighed on global economy, tumbling stock, bonds, commodities markets. Global meltdown pressured the market, causing keener risk averse mood. The failed talk of OPEC+'s production cuts, in the end, turned out to be a trigger of raising production, and Saudi Arabia's oil price war fueled oil's further drop. Iraq and Iran, following Saudi Arabia's alleged cut of April sales price, also declared to lower price; Saudi Arabia and Russia meanwhile to boost output. The expected meeting on March 18 was canceled and a peace talk between oil producers cannot be relied on in the short term. Risk averse is keener in global market and continued to weigh on oil. A bottom is still remained to be seen.

In terms of inventory, EIA inventory report showed that the U.S. crude oil inventory was 451.783 m barrels by March 6<sup>th</sup>, up 7,664k barrels compared with last week. U.S. petroleum inventory was 246.999 m barrels, down 5,049 barrels. U.S. distillate inventory was 128.060 m barrels, down 6,404k barrels.

Monthly spread of Europe and America crude oil went weak. Brent c11-cl2 reached 10USD and is gradual into super contango. As of last Friday, WTI c11-cl2 was 31.73 USD per barrel and Brent spread c11-cl2 was 33.8500 USD per barrel.

U.S. and Europe gasoline and diesel crack spread went up. But U.S. gasoline crack spread went weak, as the gasoline price dropped. As of last Friday, the U.S. gasoline crack spread reduced to 6.04 USD per barrel, and diesel to 16.04 USD per barrel. Europe diesel crack spread dropped to 11.62 USD per barrel.

### III. Market Data Chart

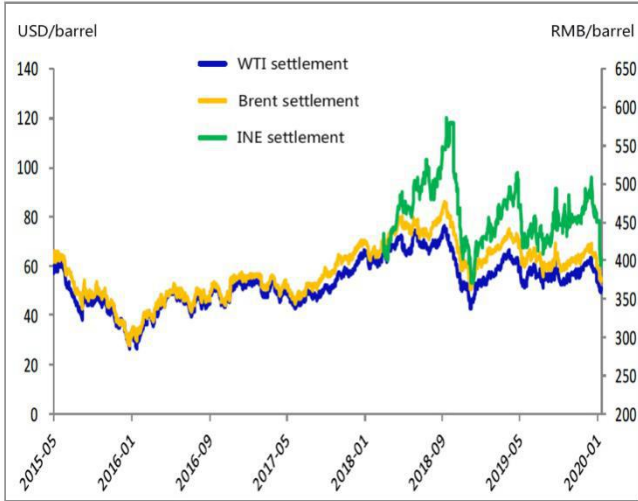


Chart I. Price trend of three benchmark crude

Source: Wind, Research Institute of Founder CIFCO Futures

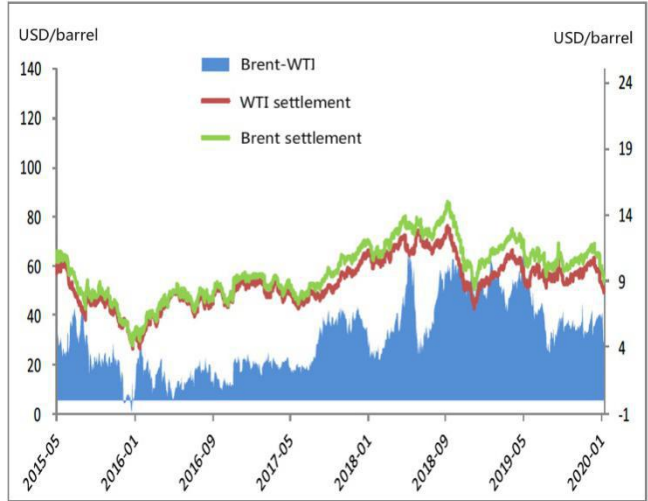


Chart II. Price trend and spread of WTI crude and Brent crude

Source: Wind, Research Institute of Founder CIFCO Futures

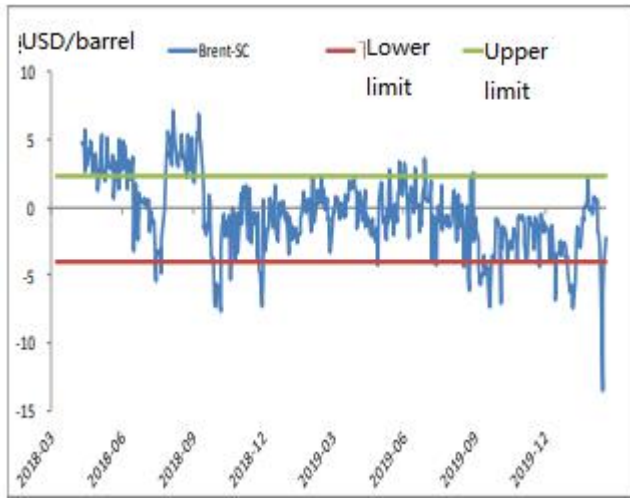


Chart III. Spread of Brent crude and SC crude

Source: Wind, Research Institute of Founder CIFCO Futures

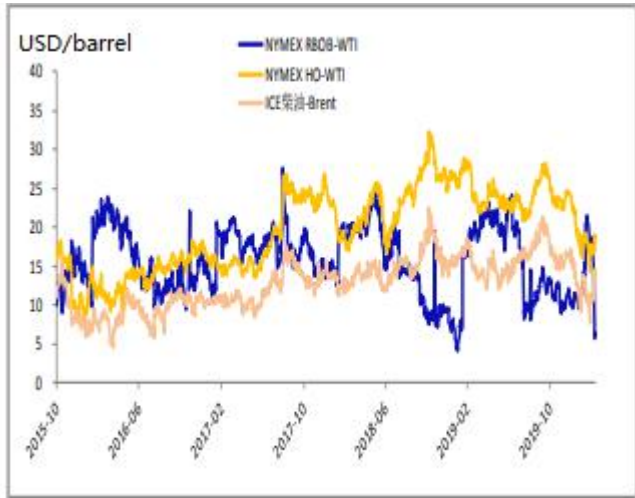


Chart IV. Crack spread of WTI and Brent

Source: Wind, Research Institute of Founder CIFCO Futures

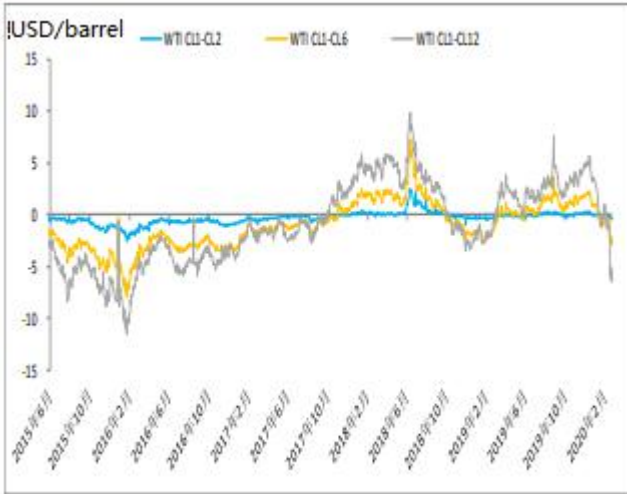


Chart V. Spread of WTI crude in different months

Source: Wind, Research Institute of Founder CIFCO Futures

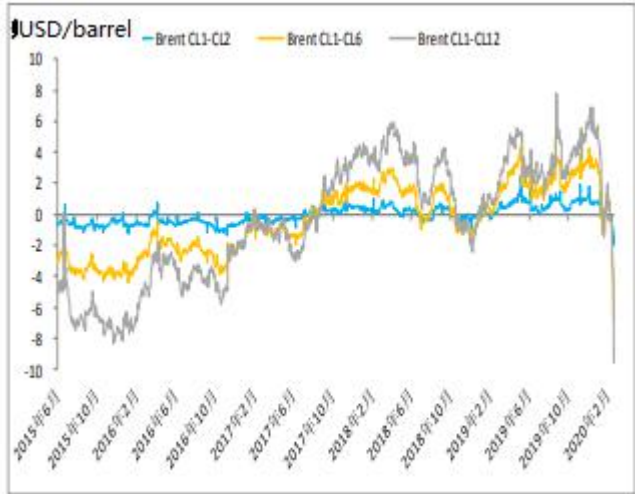


Chart VI. Spread of Brent crude in different months

Source: Wind, Research Institute of Founder CIFCO Futures

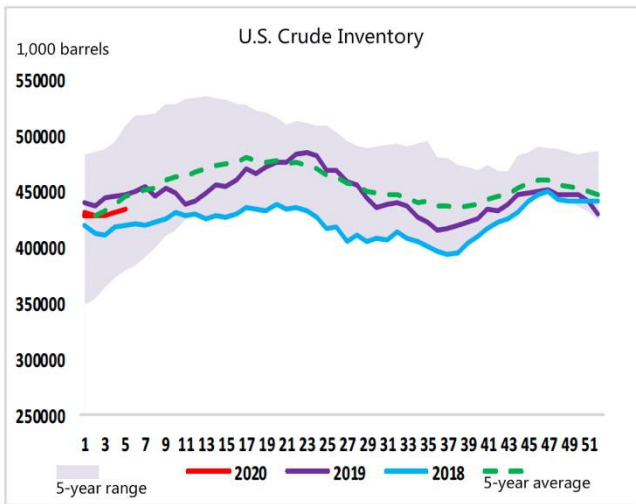


Chart VII. U.S. crude oil inventory

Source: Wind, Research Institute of Founder CIFCO Futures

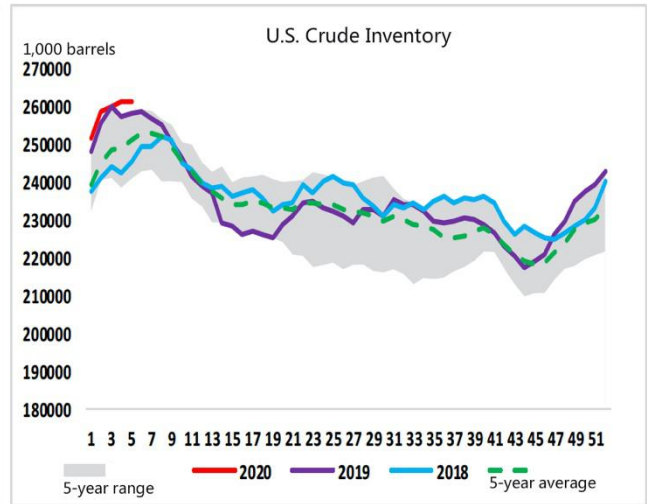


Chart VIII. U.S. petroleum inventory

Source: Wind, Research Institute of Founder CIFCO Futures

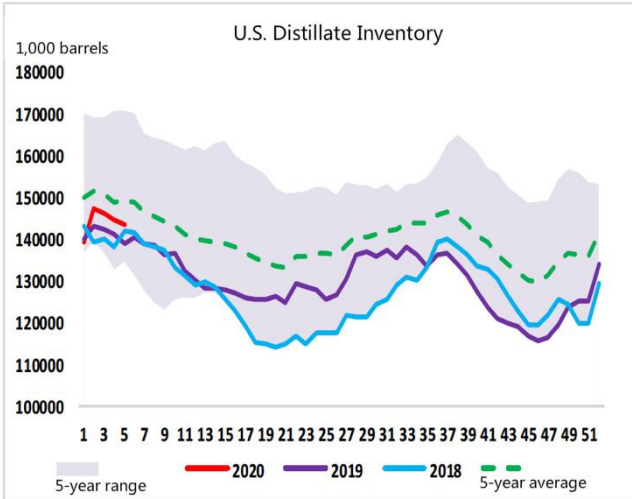


Chart IX. U.S. distillate inventory

Source: Wind, Research Institute of Founder CIFCO Futures

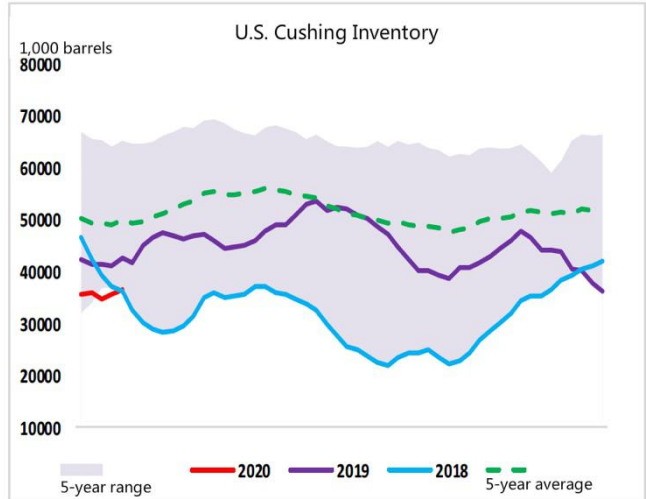


Chart X. U.S. crude oil inventory in Cushing

Source: Wind, Research Institute of Founder CIFCO Futures

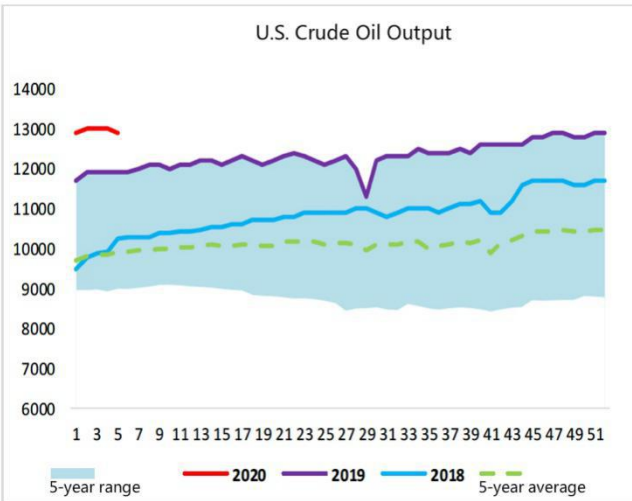


Chart XI. U.S. crude oil output

Source: Wind, Research Institute of Founder CIFCO Futures

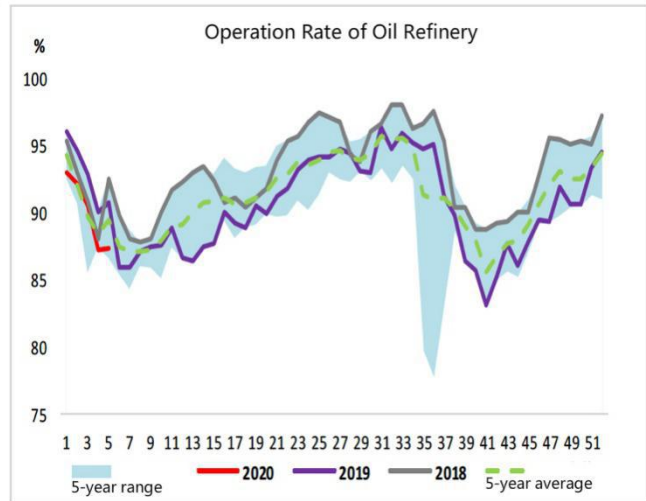


Chart XII. Operating rate of U.S. oil refineries

Source: Wind, Research Institute of Founder CIFCO Futures

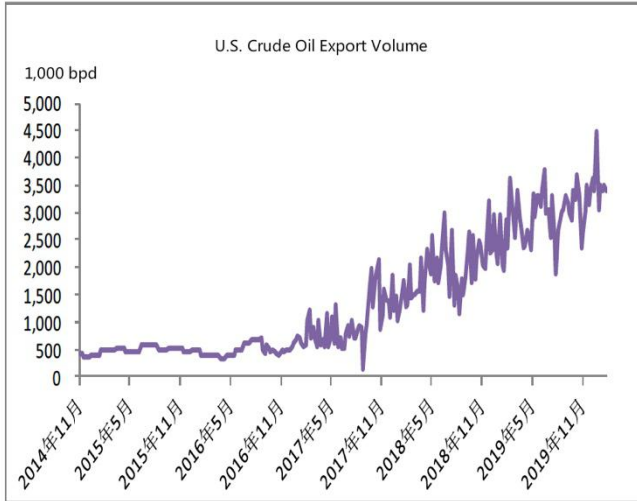


Chart XIII. U.S. crude oil export volume

Source: Wind, Research Institute of Founder CIFCO Futures

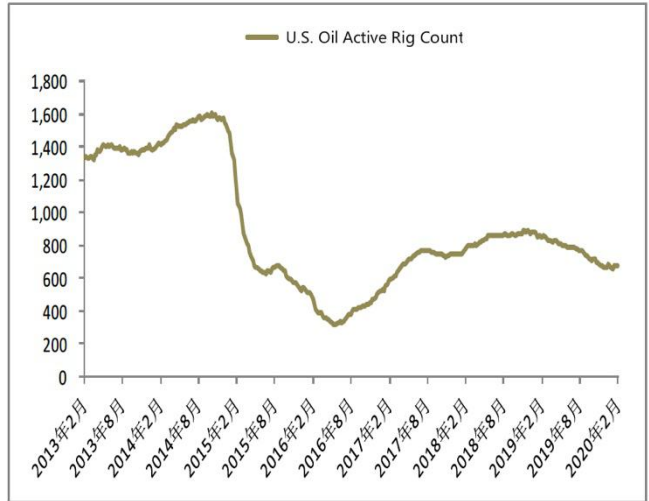


Chart XIV. U.S. oil active rig count

Source: Wind, Research Institute of Founder CIFCO Futures

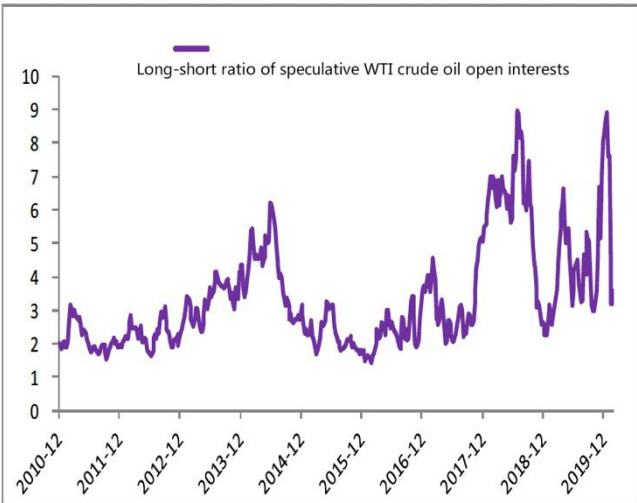


Chart XV. Long-short ratio of WTI position holding

Source: Wind, Research Institute of Founder CIFCO Futures

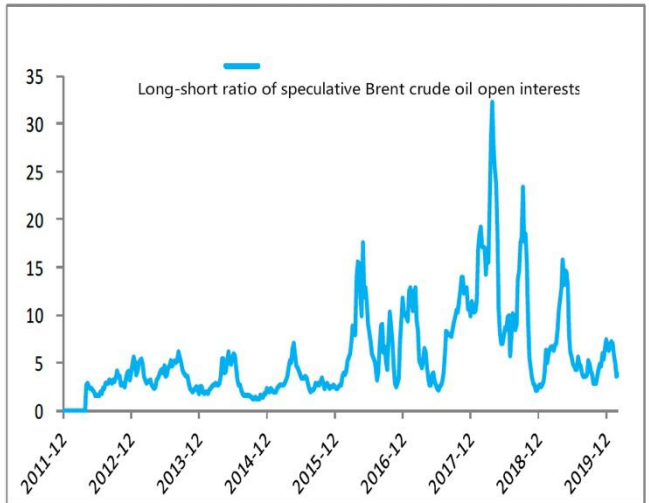


Chart XVI. Long-short ratio of Brent position holding

Source: Wind, Research Institute of Founder CIFCO Future

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