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# Crude Oil Futures Weekly Report

(Near Term:Neutral)

SUI Xiaoying, Research Institute of Founder CIFCO Futures

Highlights:

Last week global oil price kept falling and hit a new low since the year of 2002 and 2003. INE sc also hit a record low but tailed up on Friday. Risk-off mood pressured the market and global stocks plunged. US stocks meltdown for a fourth record, and VIX further climbed. US considered to buy 77m barrels for strategic purpose and will buy 30m in the first batch. US Finance Minister declared to buy 10billion, or even 20billion dollar’s crude oil. Meanwhile, Trump claimed to be involved into oil war when appropriate. Moreover, news said that Texas is considering production cut in oil, while for the past few decades the state has seen steady increase of production. The Permian Basin, which is across Texas and New Mexico, is the highest production place for shale oil in the States. Overall, a turning point on market sentiment has not appeared and correction period may appear after a deep plunge, but the market may see a further low point in the future.

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 |
|----------------|---|------------|-------------|------------------|--------------|--------------------------------|------------------------------|------------------------------|-------------|
|                | SC Crude dominant                         | 249.00     | 251.50      | 247.40           | 22.80        | 9.97                           | 4.01                         | 4.34                         |             |
|                | Contract                                  | Open (USD) | Close (USD) | Settlement (USD) | Change (USD) | Change (%)                     | Trading volume               | Open interests               | Price chart |
|                | WTI Crude dominant                        | 25.59      | 23.64       | 22.63            | -2.27        | -8.76                          | 112.46                       | 52.92                        |             |
|                | Brent Crude dominant                      | 30.60      | 29.35       | 29.00            | -0.95        | -3.14                          | 35.58                        | 48.08                        |             |
|                |   | 2020/3/13  | 2020/3/6    | 迷你图              |              |                                | 2020/3/20                    | 2020/3/19                    | 迷你图         |
| Key Indicators | U.S. crude inventory (1,000 barrels)      | 453737     | 451783      |                  |              | SC1-2                          | -9.10                        | -8.70                        |             |
|                | U.S. petroleum inventory (1,000 barrels)  | 240819     | 246999      |                  |              | WTI1-2                         | -0.20                        | -0.46                        |             |
|                | U.S. distillate inventory (1,000 barrels) | 125120     | 128060      |                  |              | Brent1-2                       | -2.02                        | -1.83                        |             |
|                | U.S. Cushing inventory (1,000 barrels)    | 38445      | 37882       |                  |              | Brent-WTI                      | 4.35                         | 3.25                         |             |
|                | Operation rate of U.S. refinery           | 86         | 86          |                  |              | Brent-SC                       | -5.64                        | -1.88                        |             |
|                | U.S. crude oil output (1,000 bpd)         | 13100      | 13000       |                  |              | NYMEX RBOB crack spread        | 3.75                         | 3.20                         |             |
|                | U.S. crude oil export volume (1,000 bpd)  | 4378       | 3410        |                  |              | NYMEX-Heating oil crack spread | 19.63                        | 14.17                        |             |
|                | U.S. active rig count                     | 664        | 683         |                  |              | ICE-Diesel crack spread        | 13.66                        | 10.25                        |             |
|                |   |            |             |                  |              |                                |                              |                              |             |
|                |   |            |             |                  |              |                                |                              |                              |             |

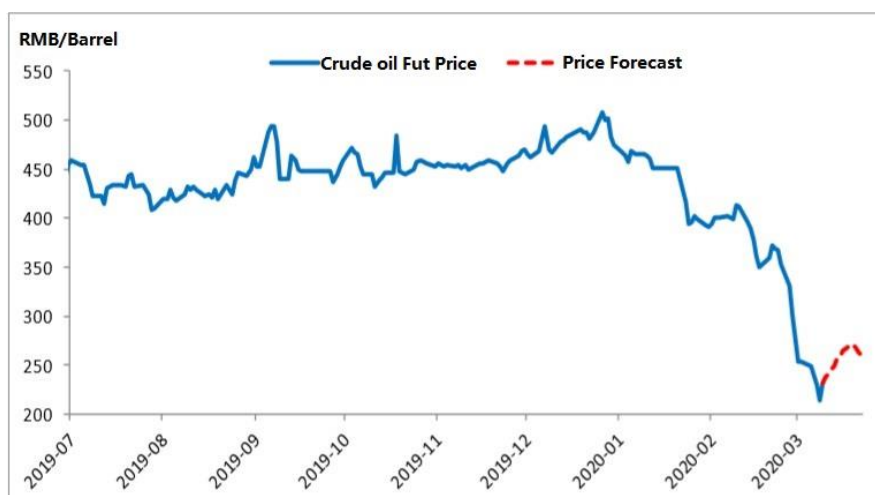


Chart: Crude oil futures price and forecast

Source: Wind, Research Institute of Founder CIFCO Futures

## II. Fundamentals of Crude Oil Market

Last week global oil price kept falling and hit a new low since the year of 2002 and 2003. INE sc also hit a record low but tailed up on Friday. Risk-off mood pressured the market and global stocks plunged. US stocks meltdown for a fourth record, and VIX further climbed. US considered to buy 77m barrels for strategic purpose and will buy 30m in the first batch. US Finance Minister declared to buy 10billion, or even 20billion dollar's crude oil. Meanwhile, Trump claimed to be involved into oil war when appropriate. Moreover, news said that Texas is considering production cut in oil, while for the past few decades the state has seen steady increase of production. The Permian Basin, which is across Texas and New Mexico, is the highest production place for shale oil in the States. Overall, a turning point on market sentiment has not appeared and correction period may appear after a deep plunge, but the market may see a further low point in the future.

In terms of inventory, EIA inventory report showed that the U.S. crude oil inventory was 453.737m barrels by March 13<sup>th</sup>, up 1,954k barrels compared with last week. U.S. petroleum inventory was 240.819m barrels, down 6,180 barrels. U.S. distillate inventory was 125.120 m barrels, down -2,940k barrels.

Monthly spread of Europe and America crude oil went weak, as near contract plunged. Brent c11-cl2 reached 10USD and is gradual into super contango. As of last Friday, WTI c11-cl2 was -0.20 USD per barrel and Brent spread c11-cl2 was -2.02 USD per barrel.

U.S. and Europe gasoline price dropped, and diesel crack spread went down, touching 0.5USD. But U.S. diesel crack spread went steady. As of last Friday, the U.S. gasoline crack spread reduced to 3.00 USD per barrel. Europe diesel crack spread dropped to 1132.15USD per barrel.

### III. Market Data Chart

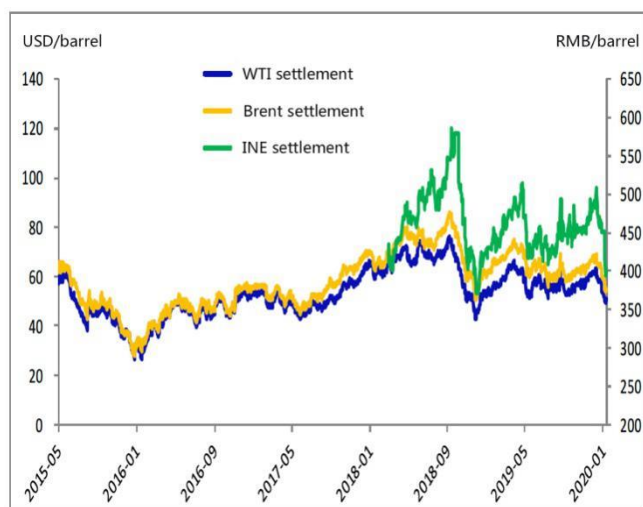


Chart I. Price trend of three benchmark crude

Source: Wind, Research Institute of Founder CIFCO Futures

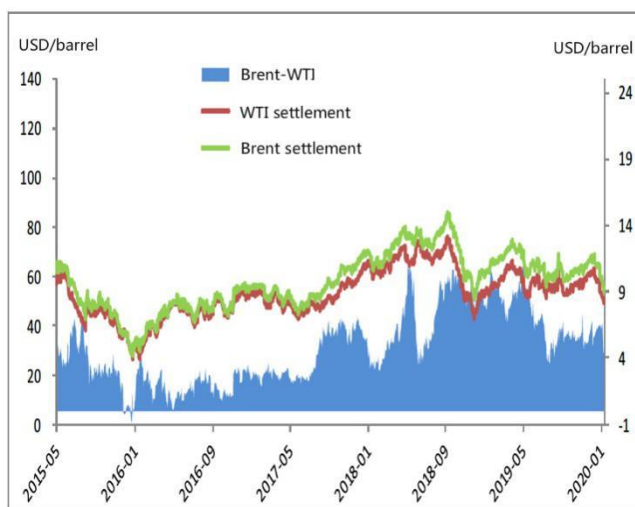


Chart II. Price trend and spread of WTI crude and Brent crude

Source: Wind, Research Institute of Founder CIFCO Futures

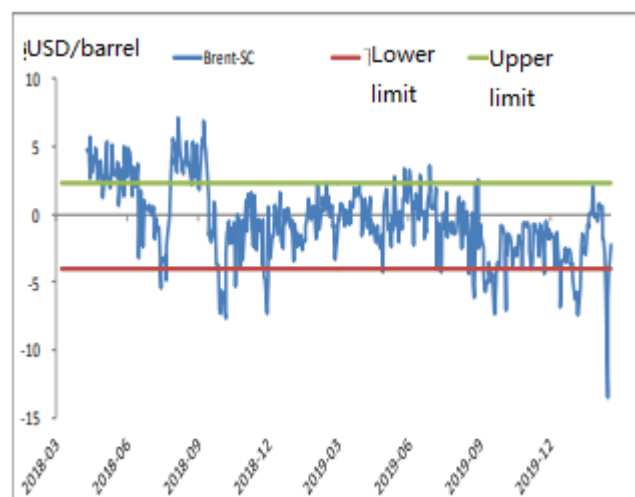


Chart III. Spread of Brent crude and SC crude

Source: Wind, Research Institute of Founder CIFCO Futures

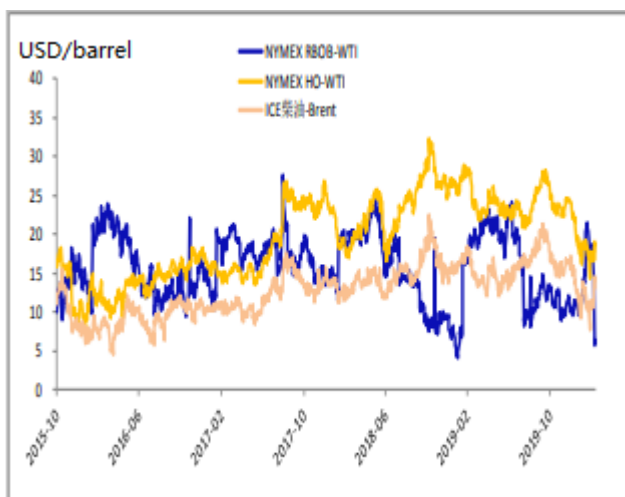


Chart IV. Crack spread of WTI and Brent

Source: Wind, Research Institute of Founder CIFCO Futures

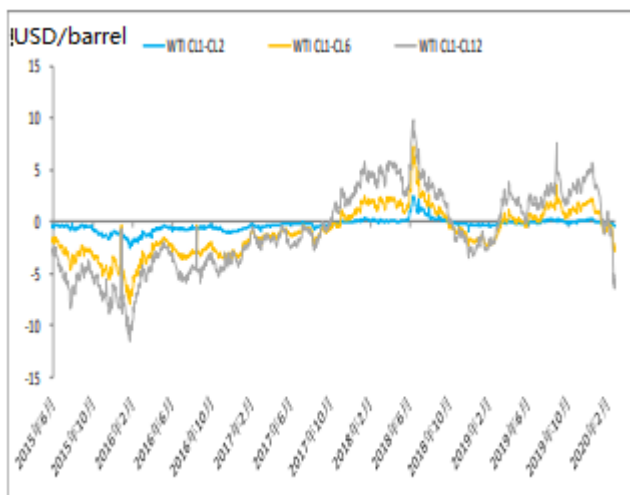


Chart V. Spread of WTI crude in different months

Source: Wind, Research Institute of Founder CIFCO Futures

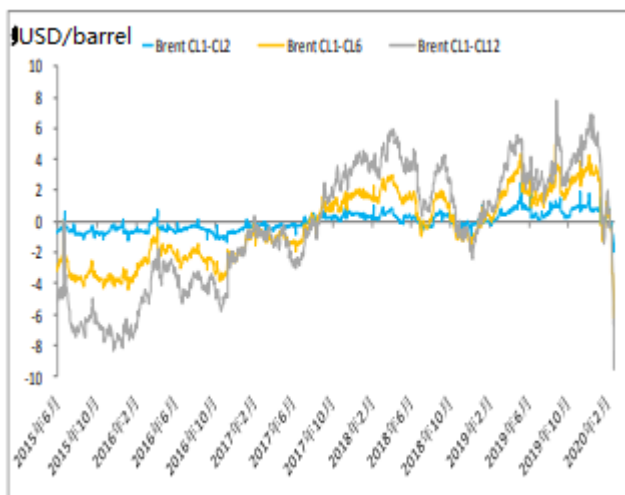


Chart VI. Spread of Brent crude in different months

Source: Wind, Research Institute of Founder CIFCO Futures

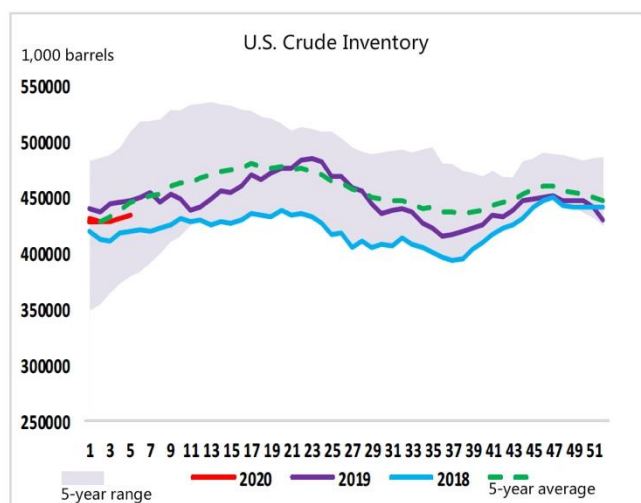


Chart VII. U.S. crude oil inventory

Source: Wind, Research Institute of Founder CIFCO Futures

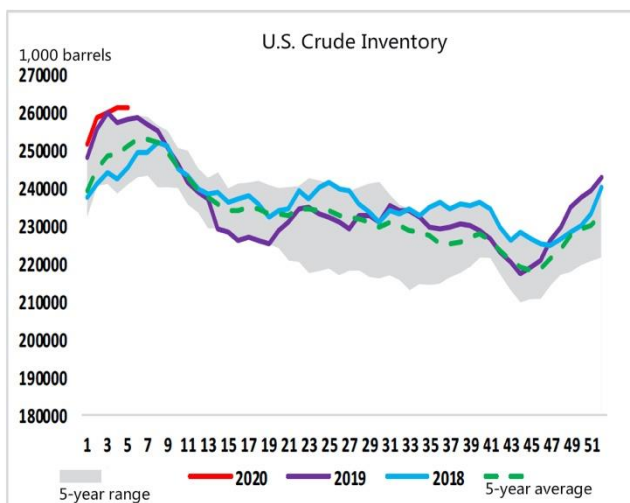


Chart VIII. U.S. petroleum inventory

Source: Wind, Research Institute of Founder CIFCO Futures

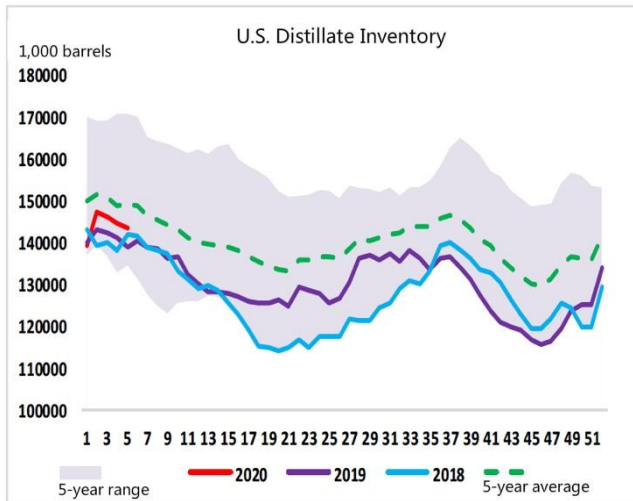


Chart IX. U.S. distillate inventory

Source: Wind, Research Institute of Founder CIFCO Futures

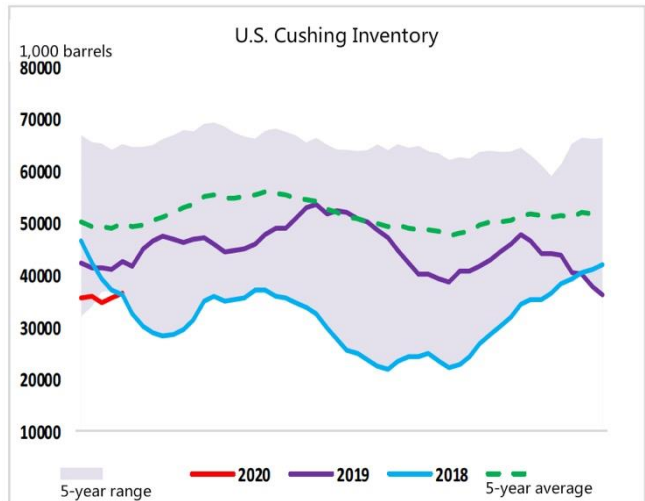


Chart X. U.S. crude oil inventory in Cushing

Source: Wind, Research Institute of Founder CIFCO Futures

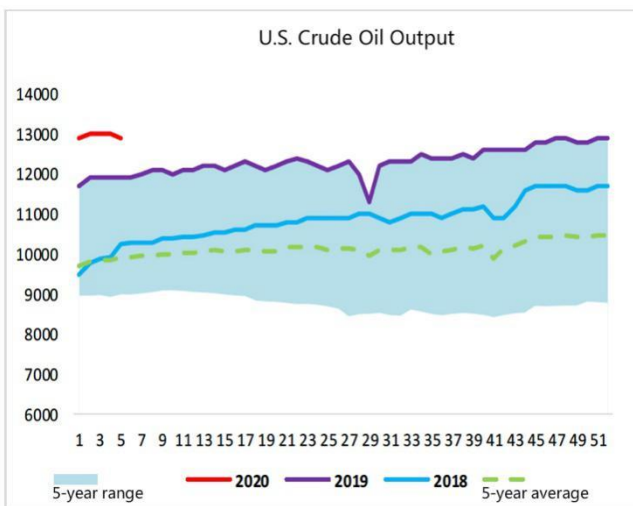


Chart XI. U.S. crude oil output

Source: Wind, Research Institute of Founder CIFCO Futures

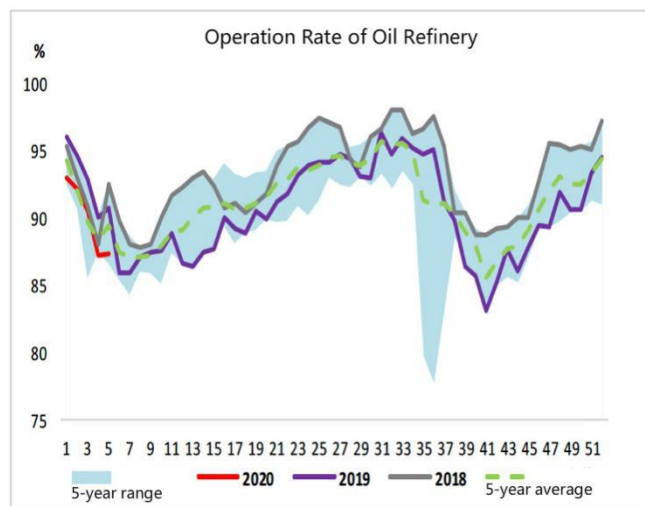


Chart XII. Operating rate of U.S. oil refineries

Source: Wind, Research Institute of Founder CIFCO Futures

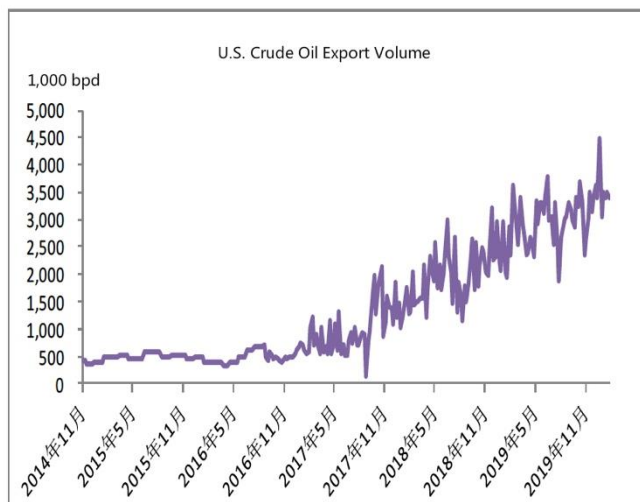


Chart XIII. U.S. crude oil export volume

Source: Wind, Research Institute of Founder CIFCO Futures

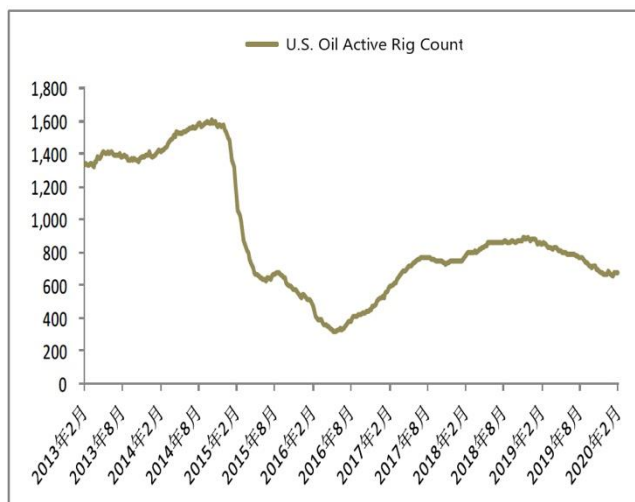


Chart XIV. U.S. oil active rig count

Source: Wind, Research Institute of Founder CIFCO Futures

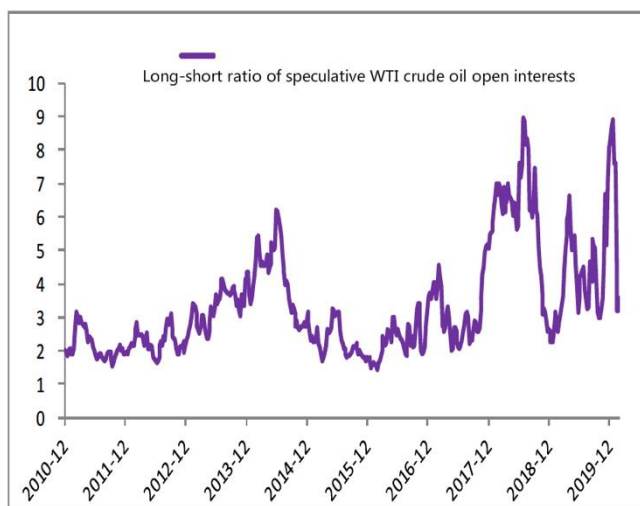


Chart XV. Long-short ratio of WTI position holding

Source: Wind, Research Institute of Founder CIFCO Futures

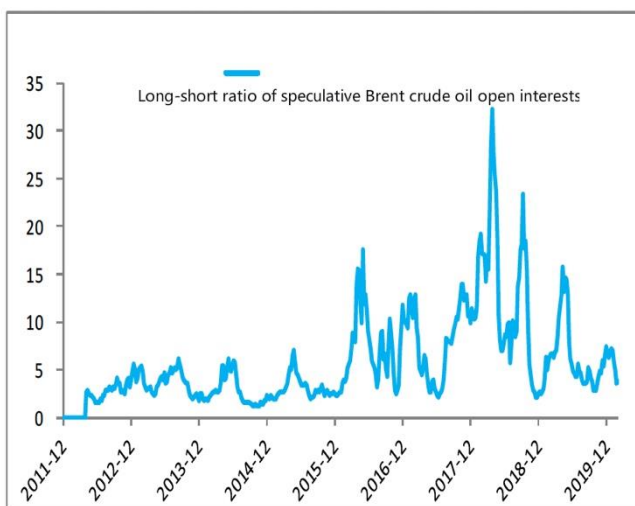


Chart XVI. Long-short ratio of Brent position holding

Source: Wind, Research Institute of Founder CIFCO Future

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