

Analyst: SUI Xiaoying

License No.: F0284756, Z0010956

Email: gjywb@foundersec.com

Crude Oil Futures Weekly Report




















(Near Term: Oscillation)

SUI Xiaoying, Research Team of Founder CIFCO Futures

Market Review and Trading Advice:

Last week crude oil is basically in uptrend, but slow. Realized production cut by oil producers has shifted public's focus on demand side. As refineries reopened and capacities increased, domestic demand is gradually back to normal and U.S. demand also resumed as factories returned to work. Gasoline demand touched bottom and bounced off, while refineries went steadied. Cushing and other inventories lowered, easing pressure. The active oil wells have been declined for a consecutive 10 weeks to 237 wells, hitting a record low; following weeks will see a further decreased. Meanwhile, the giant crude oil ETF (USO) was ordered to limit positions by authorities, which restricted the buying funds in the market somehow and affected price. From the trend analysis, the bullish news has been priced in and the market will expect some adjustment in the short term. Long position in short term opinion.

I. Market Data

Futures Market	Contract	Open (RMB)	Close (RMB)	Settlement (RMB)	Change (RMB)	Change (%)	Trading volume (10k lots)	Open interests (10k lots)	Price chart
	Contract	Open (USD)	Close (USD)	Settlement (USD)	Change (USD)	Change (%)	Trading volume	Open interests	Price chart
	SC Crude dominant	279.30	265.70	270.70	-9.10	-3.31	31.89	6.71	
	WTI Crude dominant	33.95	33.56	33.25	-0.36	-1.06	42.62	28.21	
	Brent Crude dominant	36.18	35.12	35.13	-0.94	-2.61	17.46	22.41	
Key Indicators		2020/5/15	2020/5/8	Price chart			2020/5/22	2020/5/21	Price chart
	U.S. crude inventory (1k bbl)	526494	531476		Basis	SCI-2	-14.00	-13.90	
	U.S. petroleum inventory (1k bbl)	255724	252894			WTI1-2	-0.40	-0.42	
	U.S. distillate inventory (1k bbl)	158832	155001			Brent1-2	-0.53	-0.35	
	U.S. Cushing inventory (1k bbl)	62444	65446			Brent-WTI	1.88	2.14	
	Operation rate of U.S. refinery	68	71			Brent-SC	-3.05	-2.78	
	U.S. crude oil output (1k bpd)	11500	11600			NYMEX RBOB crack spread	10.93	10.68	
	U.S. crude oil export volume (1k bpd)	3239	3525			MEX-Heating oil crack spre	7.99	7.62	
	U.S. active rig count	237	258			ICE-Diesel crack spread	4.73	4.08	

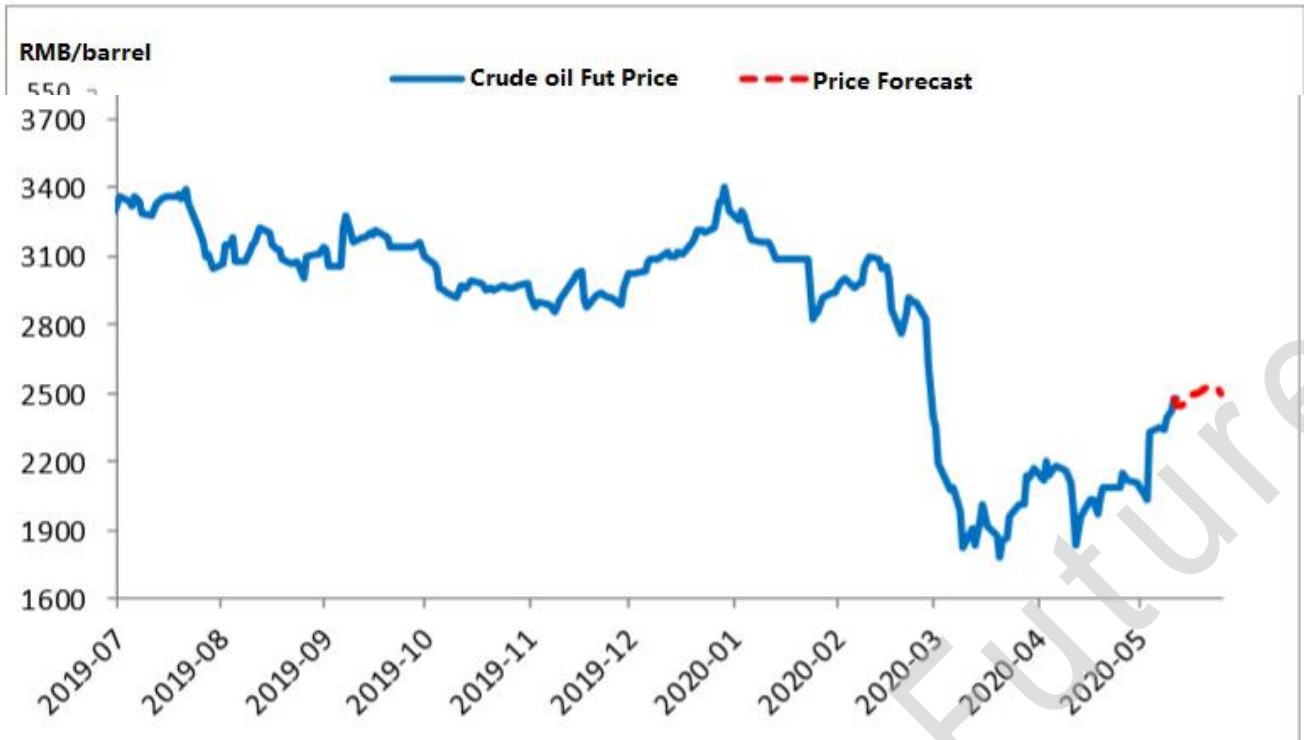


Chart: Crude oil futures price and forecast

Source: Wind, Research Team of Founder CIFCO Futures

II. Fundamentals of Crude Oil Market

Last week crude oil is basically in uptrend, but slow. Realized production cut by oil producers has shifted public's focus on demand side. As refineries reopened and capacities increased, domestic demand is gradually back to normal and U.S. demand also resumed as factories returned to work. Gasoline demand touched bottom and bounced off, while refineries went steadied. Cushing and other inventories lowered, easing pressure. The active oil wells have been declined for a consecutive 10 weeks to 237 wells, hitting a record low; following weeks will see a further decreased. Meanwhile, the giant crude oil ETF (USO) was ordered to limit positions by authorities, which restricted the buying funds in the market somehow and affected price.

In terms of inventory, EIA inventory report showed that the U.S. crude oil inventory was 526,494.k barrels by May 15th, down 4982k barrels compared with last week. U.S. petroleum inventory was 255,724k barrels, up 2830k barrels. U.S. distillate inventory was 158,832k barrels, up 3831k barrels.

Calendar spread of Brent and WTI contracted, and WTI is into Back structure. As of last Friday, WTI c11-c12 was -0.40 USD per barrel and Brent spread c11-c12 was -0.53 USD per barrel.

U.S. and Europe petrol price continued falling back compared with last month, but European diesel crack spread edged up. As of last Friday, the U.S. gasoline crack spread reduced to 10.93USD per barrel, diesel to 7.99USD per barrel. Europe diesel crack spread dropped to 4.73USD per barrel.

III. Market Data Chart

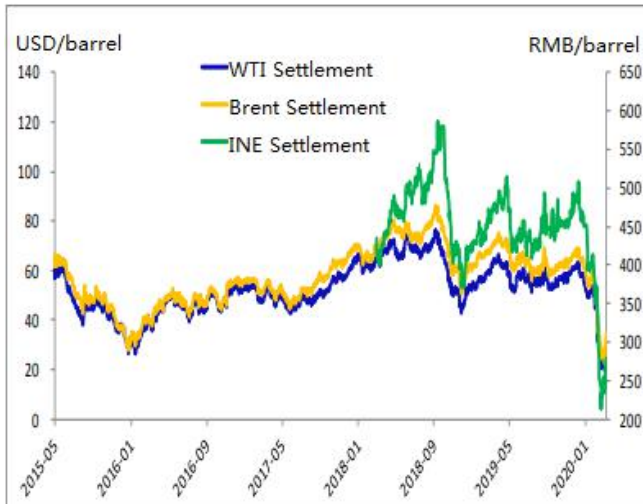


Chart I. Price trend of three benchmark crude

Source: Wind, Research Team of Founder CIFCO Futures

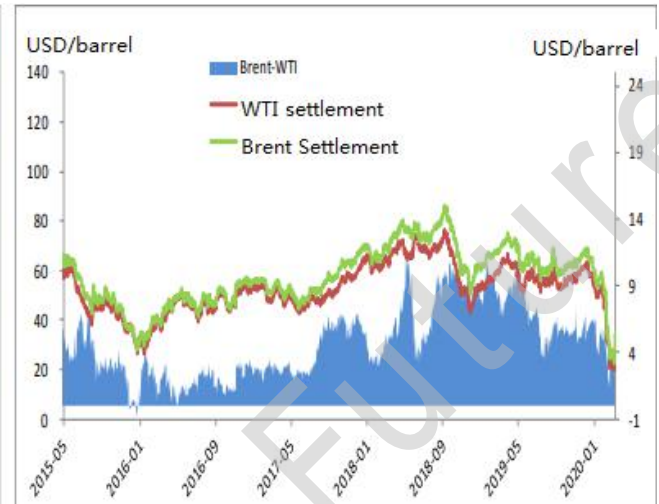


Chart II. Price trend and spread of WTI crude and Brent crude

Source: Wind, Research Team of Founder CIFCO Futures

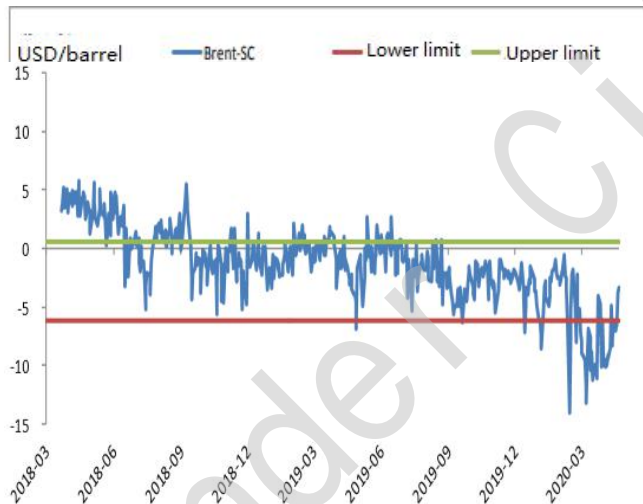


Chart III. Spread of Brent crude and SC crude

Source: Wind, Research Team of Founder CIFCO Futures



Chart IV. Crack spread of WTI and Brent

Source: Wind, Research Team of Founder CIFCO Futures

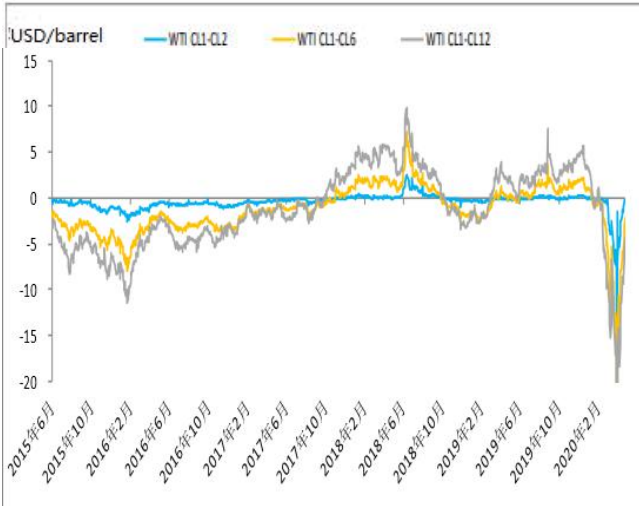


Chart V. Spread of WTI crude in different months

Source: Wind, Research Team of Founder CIFCO Futures

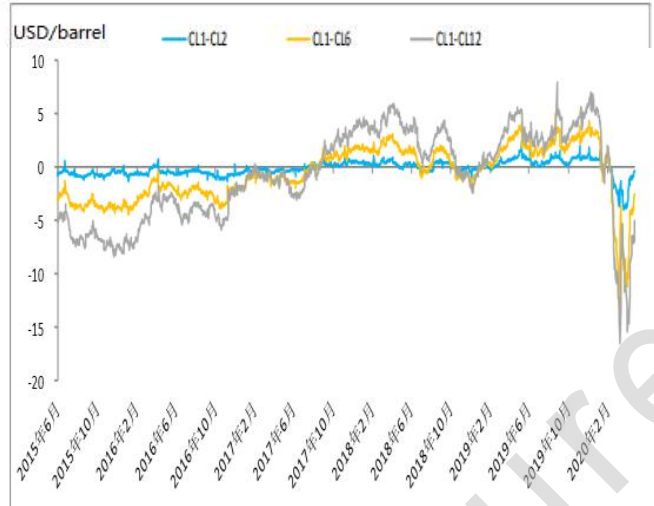


Chart VI. Spread of Brent crude in different months

Source: Wind, Research Team of Founder CIFCO Futures

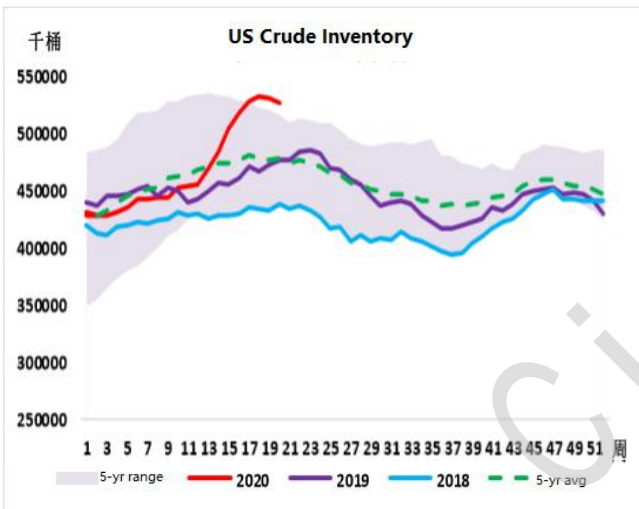


Chart VII. U.S. crude oil inventory

Source: Wind, Research Team of Founder CIFCO Futures

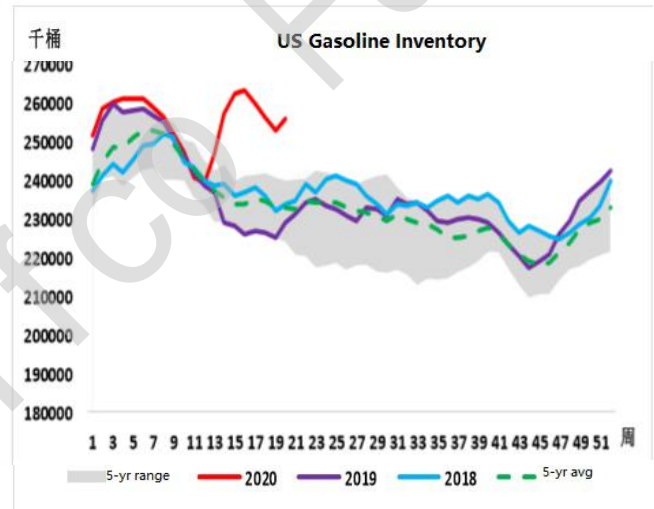


Chart VIII. U.S. petroleum inventory

Source: Wind, Research Team of Founder CIFCO Futures

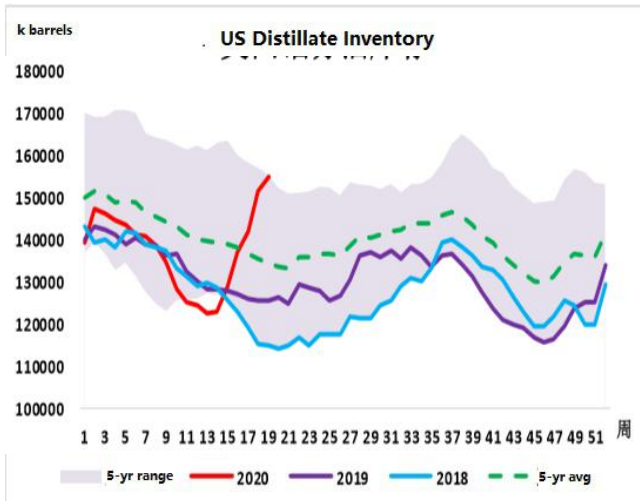


Chart IX. U.S. distillate inventory

Source: Wind, Research Team of Founder CIFCO Futures

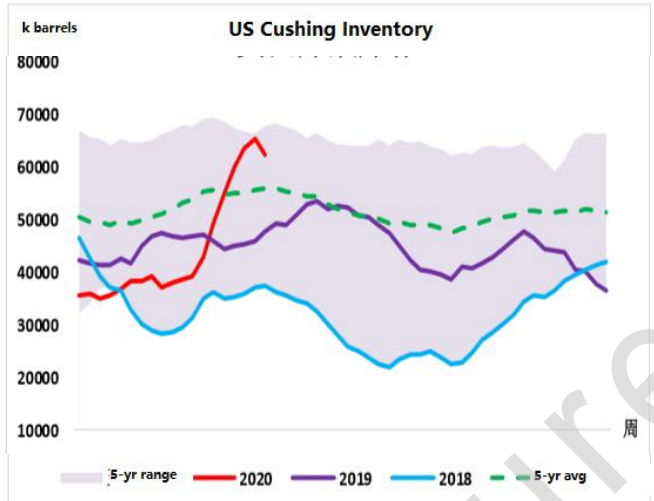


Chart X. U.S. crude oil inventory in Cushing

Source: Wind, Research Team of Founder CIFCO Futures

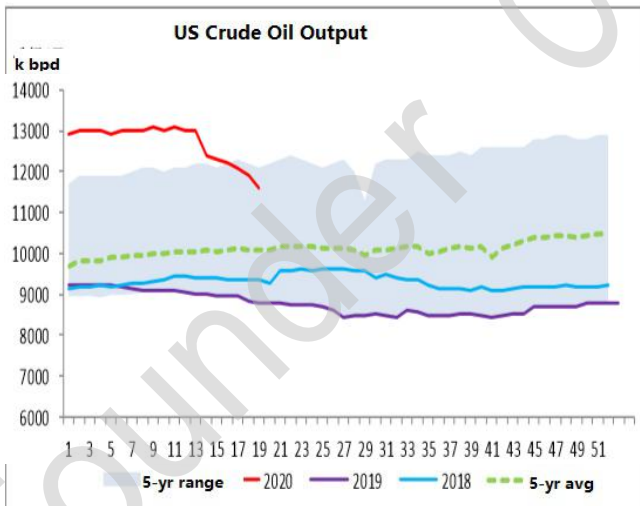
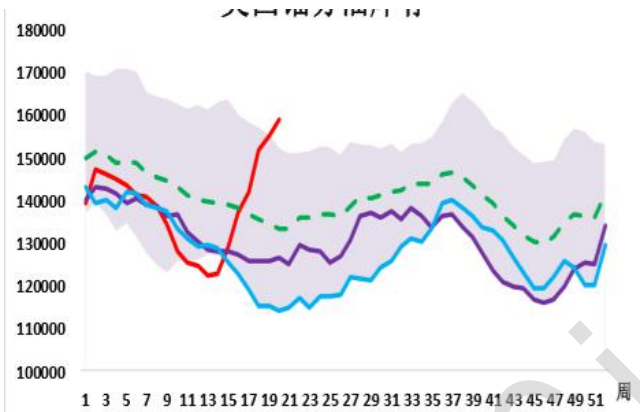


Chart XI. U.S. crude oil output

Source: Wind, Research Team of Founder CIFCO Futures

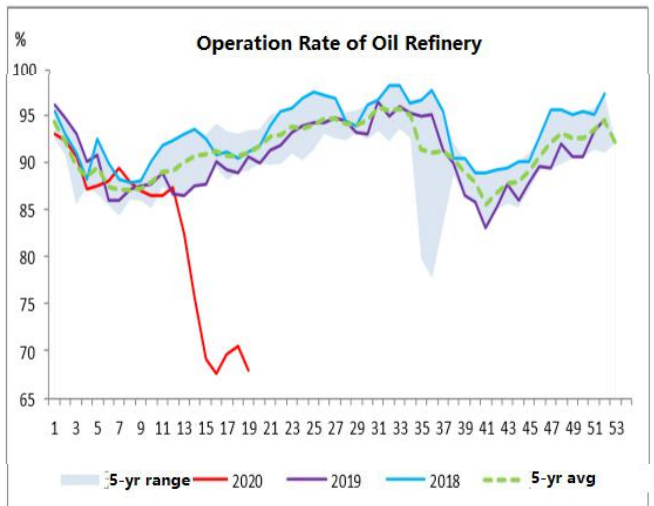
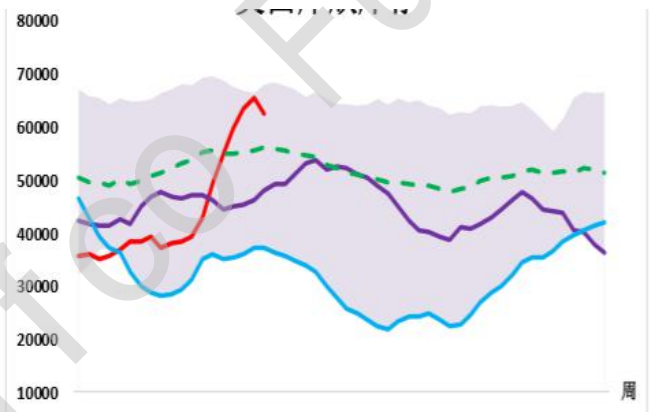


Chart XII. Operating rate of U.S. oil refineries

Source: Wind, Research Team of Founder CIFCO Futures

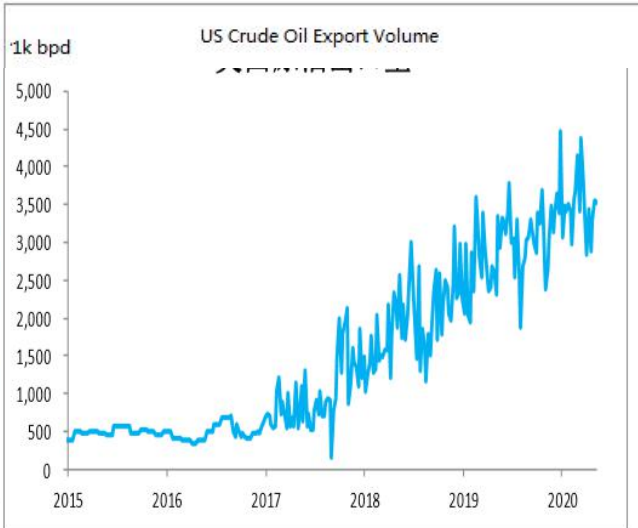


Chart XIII. U.S. crude oil export volume

Source: Wind, Research Team of Founder CIFCO Futures

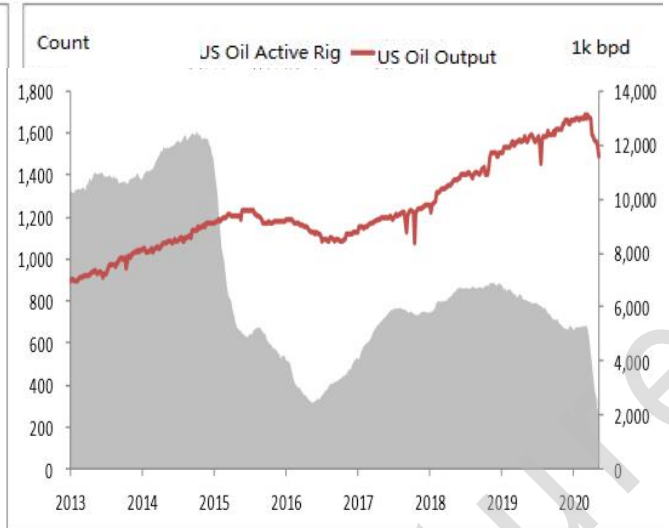


Chart XIV. U.S. oil active rig count

Source: Wind, Research Team of Founder CIFCO Futures

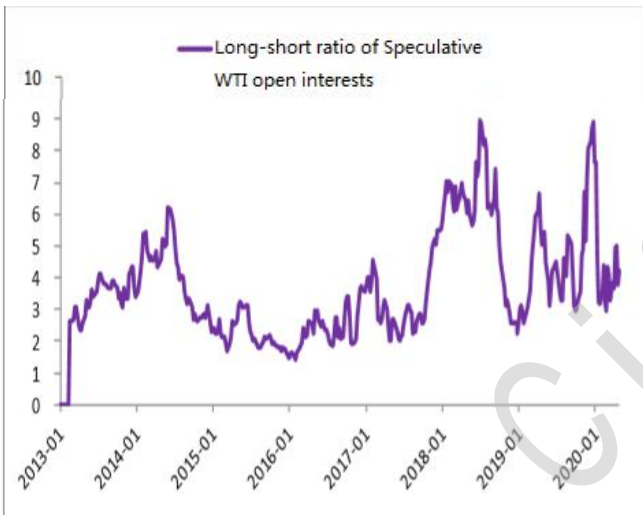


Chart XV. Long-short ratio of WTI position holding

Source: Wind, Research Team of Founder CIFCO Futures

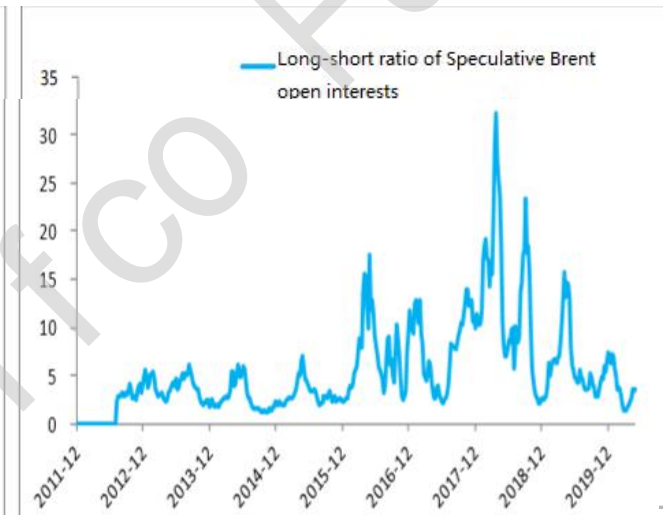


Chart XVI. Long-short ratio of Brent position holding

Source: Wind, Research Team of Founder CIFCO Future

行方正 以致远

FIND FOUNDER, FIND FUTURES

Disclaimer:

All information contained in the report are public materials and is for your reference only. Research Team of Founder Cifco Futures strives to be accurate and reliable yet it doesn't guarantee the correctness and completeness of the information contained within the report. The report doesn't constitute to be investment advice on buy or sell of any products mentioned in the report under any circumstances and it doesn't take account of special investment purposes, financial status and requirements of certain investors. The report shall not be disseminated to others without prior consent from the Research Team of Founder Cifco Futures. Any quotation, repost or other dissemination to third-party may be subject to legal obligation. Founder Cifco Futures doesn't bear any loss resulted from conducting the report and we kindly remind investors of the possible risks during trade. Copyright reserved by Founder Cifco Futures.

Contact information:

International Business Dept.

Founder Cifco Futures Co., Ltd.

Tel: +86 10 85881336

Fax: +86 10 85881177

E-mail: gjywb@founderfc.com

Website: www.founderfu.com/en

22/F Taikang Financial Tower, Building1, 38# East 3rd Ring North Road, Chaoyang District, Beijing, P. R. China 100026
