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Crude Oil Futures Weekly Report

(Near Term: Oscillation)

SUI Xiaoying, Research Team of Founder CIFCO Futures

Market Review and Trading Advice:

Last week global and domestic crude oil oscillated narrowly but global oil surged at closing on Friday. Reuters shows that OPEC oil daily production reached 24.77m bpd, a 20-year low and decreased 5.91m compared with April. Meanwhile news said that Saudi and other OPEC countries suggested to extend the production cut of 9.7m bpd plan to December, but Russia is still on negotiating terms. EIA inventory data showed bearish on the market but was better than the API report. Last week U.S. crude oil increased 7.93m bbl, gasoline dropped 720k bbl, distillate gained 5.49m bbl. Cushing inventory shed 3.395m bbl, refinery operation rate is at 71.3%, 1.9 percentage jump than previous week. U.S. crude oil added 11.4m bbl, -100k bpd drop than last week. The drilling data shows more than 60% drawdown compared with last two months., which would further slide drilling and completion. In the short term, oil supply and demand situation improved, but slow demand recovery is still weighing on the price.

I. Market Data

Futures Market	Contract	Open (RMB)	Close (RMB)	Settlement (RMB)	Change (RMB)	Change (%)	Trading volume (10k bts)	Open interests (10k bts)	Price chart
	Contract	Open (USD)	Close (USD)	Settlement (USD)	Change (USD)	Change (%)	Trading volume (10k bts)	Open interests	Price chart
	SC Crude dominant	274.50	275.20	275.20	2.00	0.73	19.36	5.12	
	WTICrude dominant	33.68	35.32	35.49	1.61	4.78	44.01	26.01	
	BrentCrude dominant	36.03	37.61	37.84	1.58	4.39	25.29	40.98	
		2020/5/22	2020/5/15	迷你图			2020/5/29	2020/5/28	迷你图
Key Indicators	U.S. crude inventory (1k bbl)	534422	526494		Basis	SC1-2	-15.10	-14.60	
	U.S. petroleum inventory (1k bbl)	255000	255724			WTI-2	-0.35	-0.35	
	U.S. distillate inventory (1k bbl)	164327	158832			Brent1-2	-2.51	-0.74	
	U.S. Cushing inventory (1k bbl)	53462	56857			Brent-WTI	2.35	2.35	
	Operation rate of U.S. refinery	69	68			Brent-SC	-0.97	-1.06	
	U.S. crude oil output (1k bpd)	11400	11500			MEX RBOB crack spread	9.81	9.38	
	U.S. crude oil export volume (1k bpd)	3176	3239			EX-Heating oil crack spread	5.03	5.17	
	U.S. active rig count	222	237			DE-Diesel crack spread	4.87	3.16	

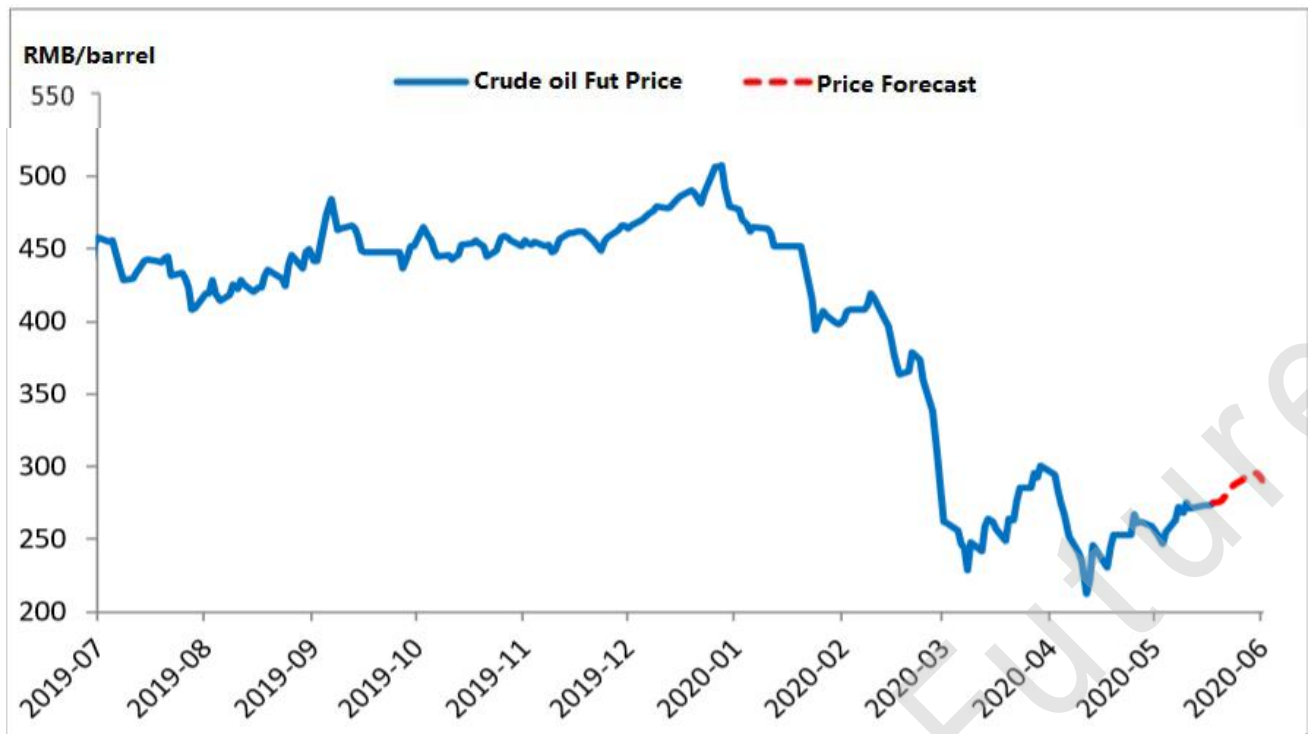


Chart: Crude oil futures price and forecast

Source: Wind, Research Team of Founder CIFCO Futures

II. Fundamentals of Crude Oil Market

Last week global and domestic crude oil oscillated and but surged on Friday. Reuters shows that OPEC oil daily production reached 24.77m bpd, a 20-year low and decreased 5.91m compared with April. Meanwhile news said that Saudi and other OPEC countries suggested to extend the production cut of 9.7m bpd plan to December, but Russia is still on negotiating terms. EIA inventory data showed bearish on the market but was better than the API report. Last week U.S. crude oil increased 7.93m bbl, gasoline dropped 720k bbl, distillate gained 5.49m bbl. Cushing inventory shed 3.395m bbl, refinery operation rate is at 71.3%, 1.9 percentage jump than previous week. U.S. crude oil added 11.4m bbl, -100k bpd drop than last week. The drilling data shows more than 60% drawdown compared with last two months., which would further slide drilling and completion.

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 maintains slight contango. As of last Friday, WTI c11-c12 was -0.42 USD per barrel and Brent spread c11-c12 was -0.71 USD per barrel.

U.S. and Europe petrol price continued falling back compared with last month. As of last Friday, the U.S. gasoline crack spread reduced to 9.93USD per barrel, diesel to 8.02USD per barrel. Europe diesel crack spread dropped to 3.91USD per barrel.

III. Market Data Chart

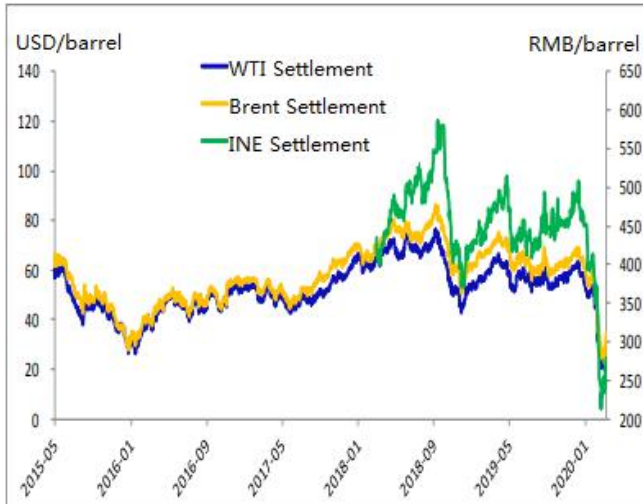


Chart I. Price trend of three benchmark crude

Source: Wind, Research Team of Founder CIFCO Futures

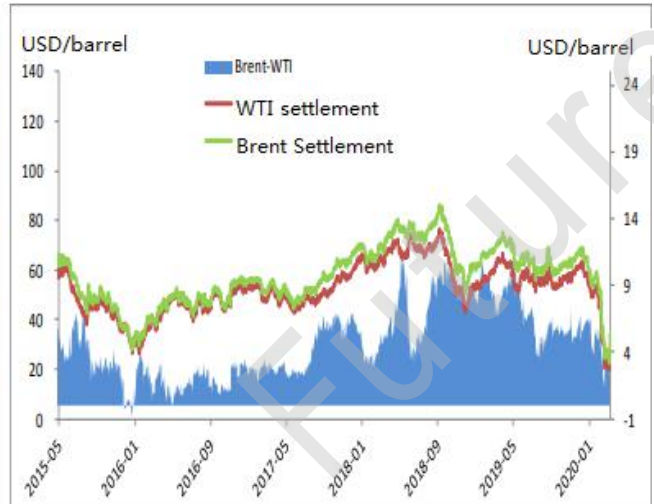


Chart II. Price trend and spread of WTI crude and Brent crude

Source: Wind, Research Team of Founder CIFCO Futures

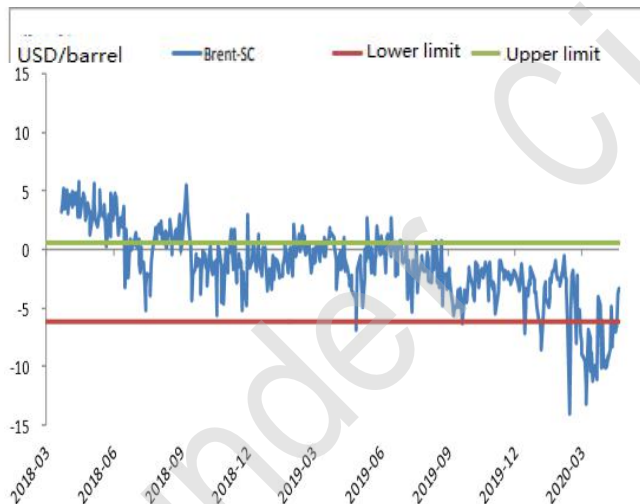


Chart III. Spread of Brent crude and SC crude

Source: Wind, Research Team of Founder CIFCO Futures

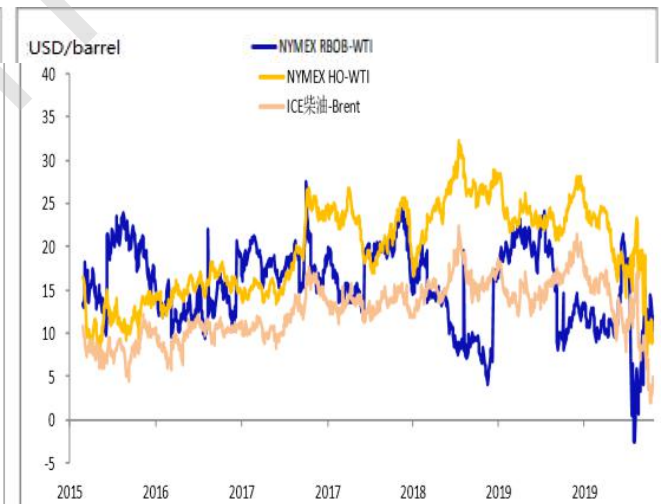


Chart IV. Crack spread of WTI and Brent

Source: Wind, Research Team of Founder CIFCO Futures

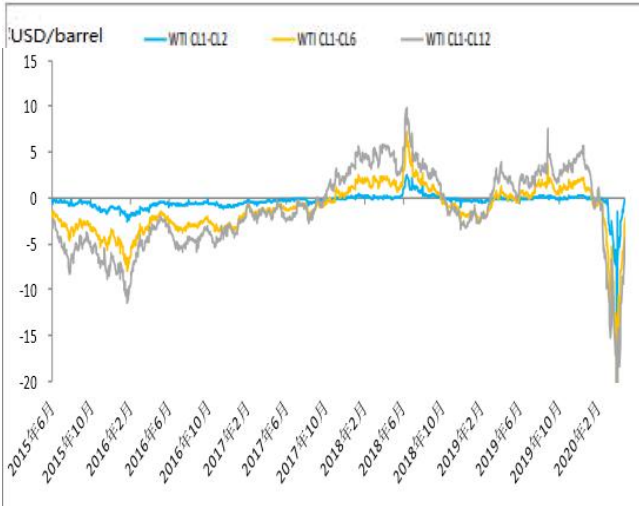


Chart V. Spread of WTI crude in different months

Source: Wind, Research Team of Founder CIFCO Futures

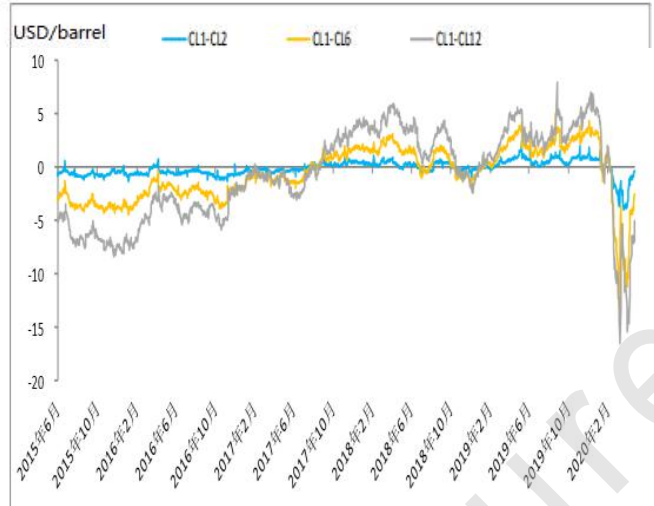


Chart VI. Spread of Brent crude in different months

Source: Wind, Research Team of Founder CIFCO Futures

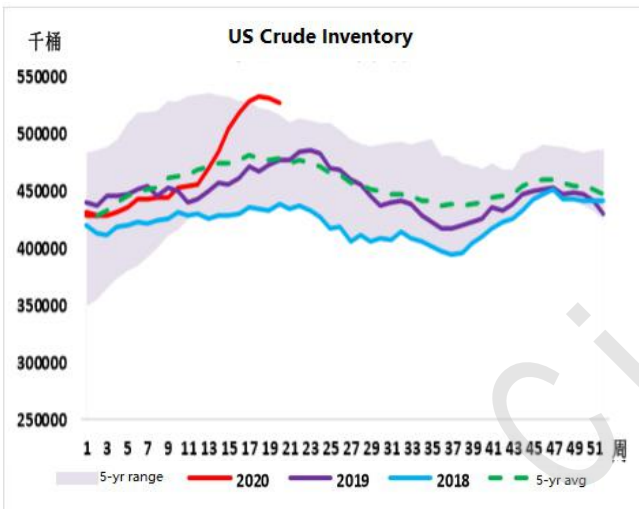


Chart VII. U.S. crude oil inventory

Source: Wind, Research Team of Founder CIFCO Futures

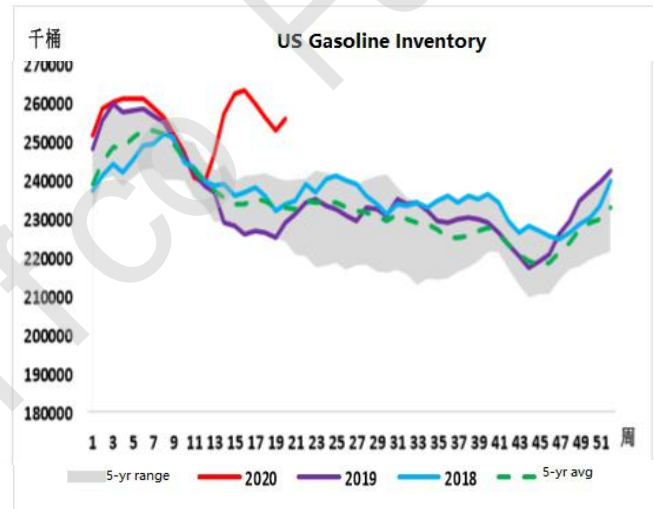


Chart VIII. U.S. petroleum inventory

Source: Wind, Research Team of Founder CIFCO Futures

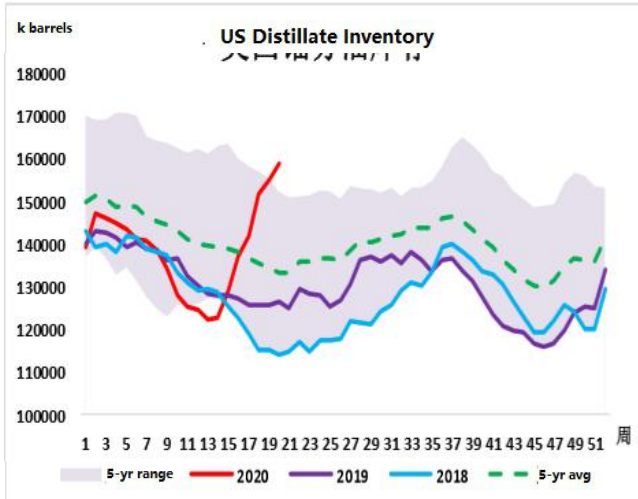


Chart IX. U.S. distillate inventory

Source: Wind, Research Team of Founder CIFCO Futures

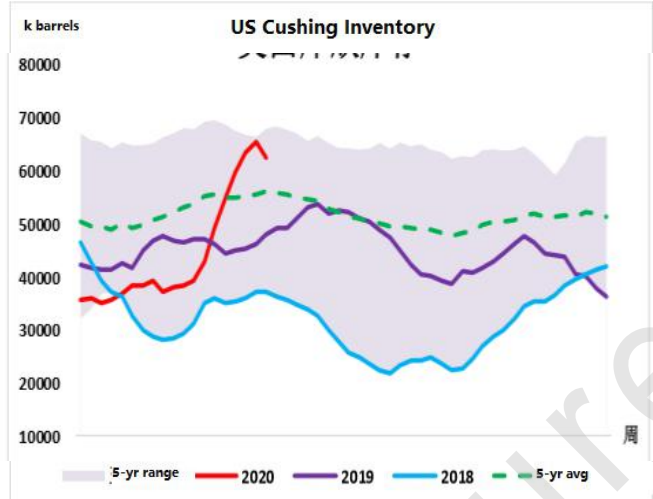


Chart X. U.S. crude oil inventory in Cushing

Source: Wind, Research Team of Founder CIFCO Futures

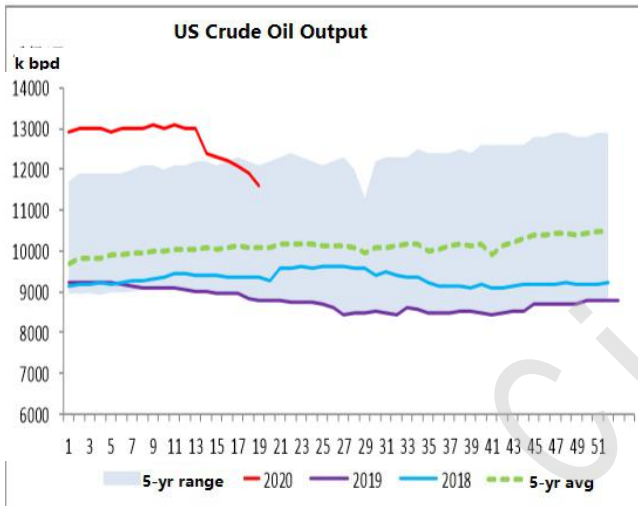


Chart XI. U.S. crude oil output

Source: Wind, Research Team of Founder CIFCO Futures

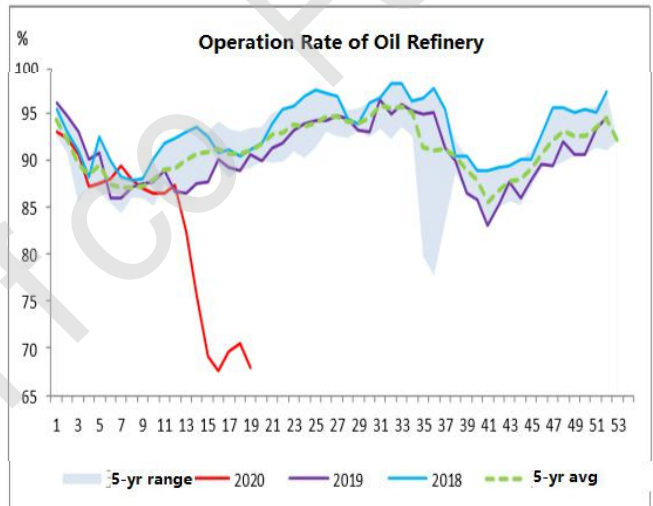


Chart XII. Operating rate of U.S. oil refineries

Source: Wind, Research Team of Founder CIFCO Futures

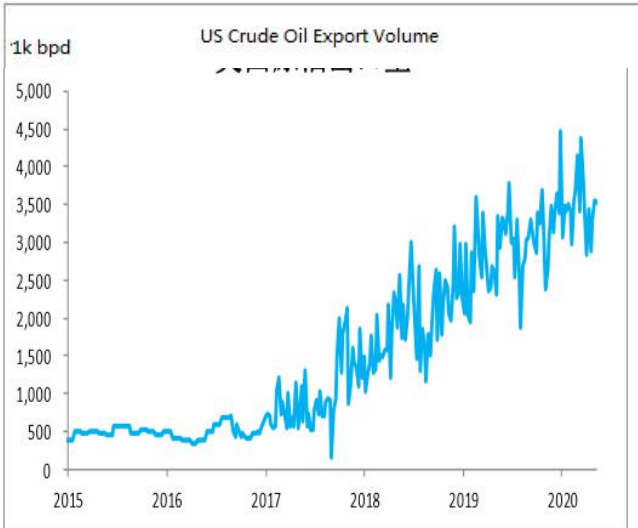


Chart XIII. U.S. crude oil export volume

Source: Wind, Research Team of Founder CIFCO Futures

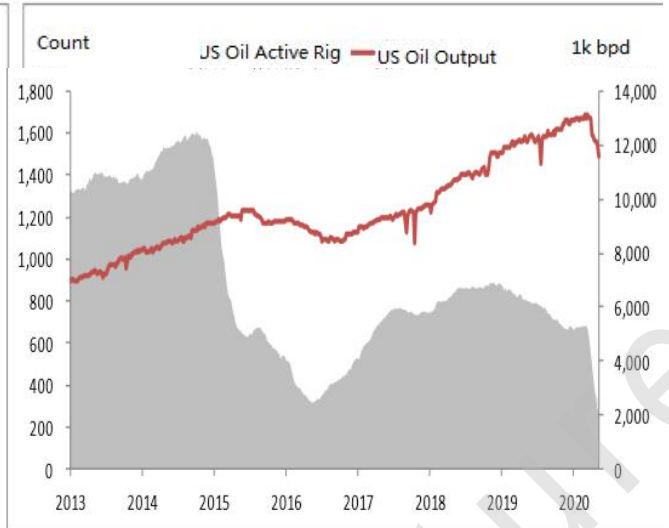


Chart XIV. U.S. oil active rig count

Source: Wind, Research Team of Founder CIFCO Futures

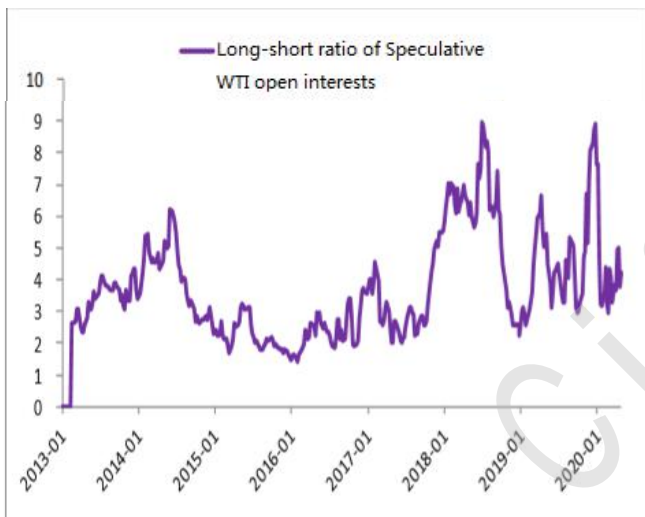


Chart XV. Long-short ratio of WTI position holding

Source: Wind, Research Team of Founder CIFCO Futures

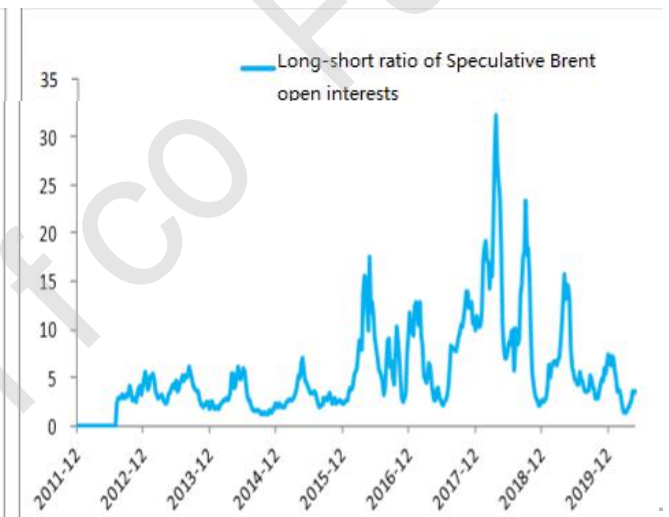


Chart XVI. Long-short ratio of Brent position holding

Source: Wind, Research Team of Founder CIFCO Future

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