

WTI Technical Indicators	
Support & Resistance	Price Action
Resistance 2: US\$ 56.92/Bbl	Short-Term: Bullish
Resistance 1: US\$ 54.89/Bbl	Mid-Term: Sideway
Current price: US\$ 54.25/Bbl	Long-Term: Sideway
Support 1: US\$ 52.97/Bbl	
Support 2: US\$ 51.86/Bbl	

NYMEX WTI price rises in anticipation of EIA drawdown tonight

WTI(USD) Price Chart



Source: Bloomberg
Period: 4 Hours

Indicative Price Table

Active Futures

WTI Crude Oil			
	Active Month	Last Price (/Bbl)	1D % Change
NYM (1,000 Bbls)(US\$)	APR 17	54.25	1.23
ICE (1,000 Bbls)(US\$)	APR 17	54.24	1.21
NYM (500 Bbls)(US\$)	APR 17	54.28	1.26
ICE-SG E-Mini (100 Bbls)(US\$)	APR 17	54.20	1.14
Brent Crude Oil			
	Active Month	Last Price (/Bbl)	1D % Change
ICE (1,000 Bbls)(US\$)	APR 17	56.49	1.16
NYM (1,000 Bbls)(US\$)	APR 17	56.48	1.15
ICE-SG E-Mini (100 Bbls)(US\$)	APR 17	56.41	1.02
Natural Gas			
	Active Month	Last Price (/Bbl)	1D % Change
ICE (31,000 Therms)(£)	MAR 17	46.77	0.67
NYM (10,000 MMBtu)(US\$)	MAR 17	2.63	1.39
NYM E-Mini (2,500 MMBtu)(US\$)	MAR 17	2.62	0.97
NY Harbor ULSD			
	Active Month	Last Price (/Bbl)	1D % Change
NYM (42,000 Gallons) (US\$)	MAR 17	164.80	1.13
Gasoline			
	Active Month	Last Price (/Bbl)	1D % Change
NYM RBOB (42,000 Gallons) (US\$)	MAR 17	164.80	1.13
ICE RBOB (42,000 Gallons) (US\$)	MAR 17	153	1.30
TOCOM (50KI) (¥)	AUG 17	53,150	0.30
Kerosene			
	Active Month	Last Price (/Bbl)	1D % Change
TOCOM (50KI) (¥)	AUG 17	47,780	0.42

Fundamental Drivers

The following drivers have been colour-coded depending on whether they are bullish or bearish drivers; Green for bullish drivers and red for bearish drivers.

Global Production Cut Analysis

OPEC Secretary General Mohammad Barkindo has claimed that OPEC has attained a 90% compliance to their global reduction deal while there is a 66% compliance on the non-OPEC sides. No data breakdown was provided to support his claim. Based on my analysis on data extracted from publicly available survey estimates, **my estimates for OPEC compliance stands at 75% with non-OPEC compliance standing at 40%**; breakdown as provided in the tables 1 and 2.

Table 1: OPEC Cuts

Countries	Deal Reduction Quota	Jan Reduction	Compliance
Saudi Arabia	486K Bpd	496K Bpd	102%
Iraq	210K Bpd	166K Bpd	80%
UAE	139K Bpd	159K Bpd	114%
Kuwait	131K Bpd	141K Bpd	108%
Venezuela	95K Bpd	30K Bpd	32%
Angola	75K Bpd	23K Bpd	31%
Algeria	50K Bpd	42K Bpd	83%
Ecuador	26K Bpd	17K Bpd	64%
Total	1.2M Bpd	890K Bpd	74%

Source: Reuters, Phillip Futures Estimates

Please read carefully the important disclosures at the end of this publication.

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Last Updated at (SG Time): 4:35:49 PM

Source: Bloomberg

Table 2: Non-OPEC Cuts

Countries	Reduction Quota	Jan Reductions	Compliance
Russia	300K Bpd	117K Bpd	39%
Mexico	100K Bpd	37K Bpd	37%
Oman	40K Bpd	0K Bpd	0%
Azerbaijan	35K Bpd	-7K Bpd	-20%
Kazakhstan	20K Bpd	-6K Bpd	-30%
6 Others*	103K Bpd	99K Bpd	96%
Total	600K Bpd	240K Bpd	40%

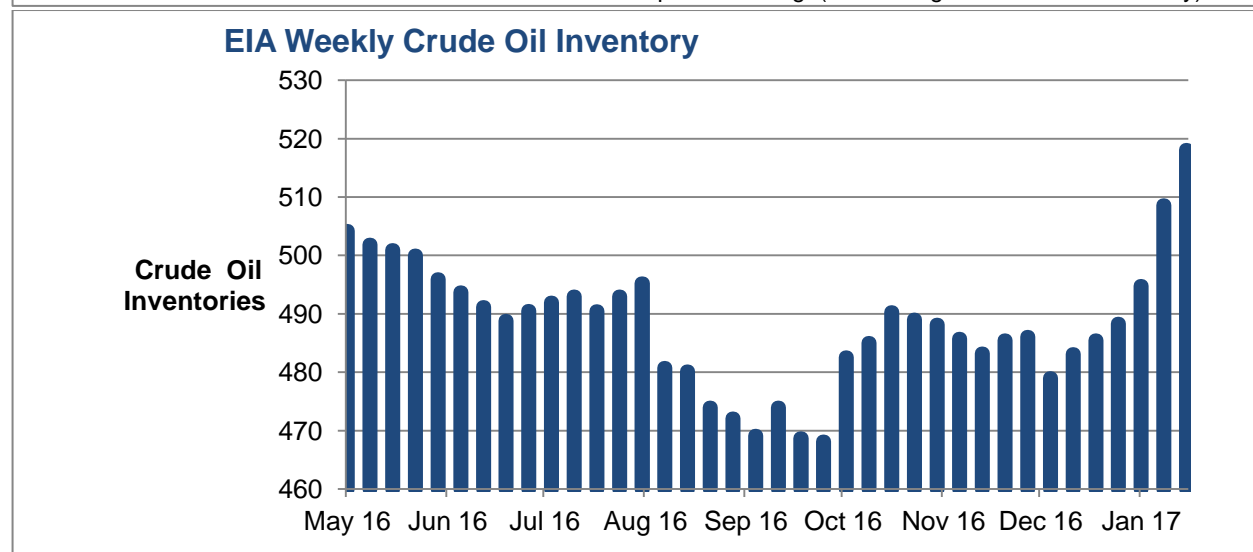
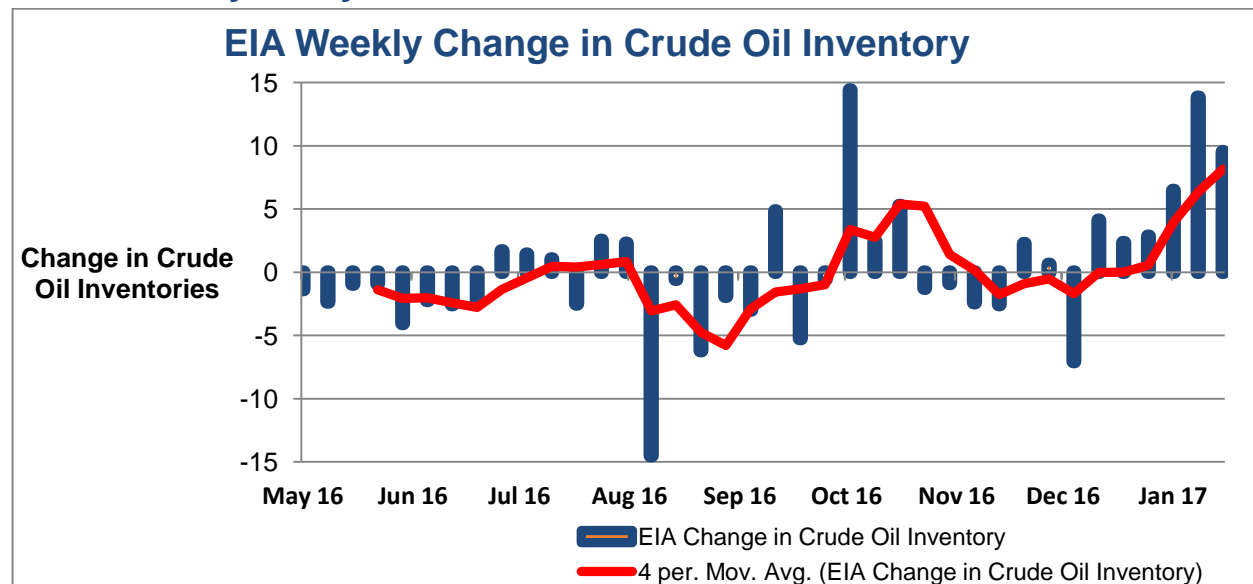
* Bahrain, Brunei, Guinea, Malaysia, Sudan, South Sudan

Source: Bloomberg, Phillip Futures Estimates

Negative compliance % refers to percentage increases instead of decrease.

As can be seen in table 1, Saudi Arabia, UAE and Kuwait individually cut their production more than what was initially agreed, hence the compliance level is unevenly distributed and mainly concentrated on a few key swing producers. If this trend continues, this compliance will not be sustainable and may risk derail an oil price recovery.

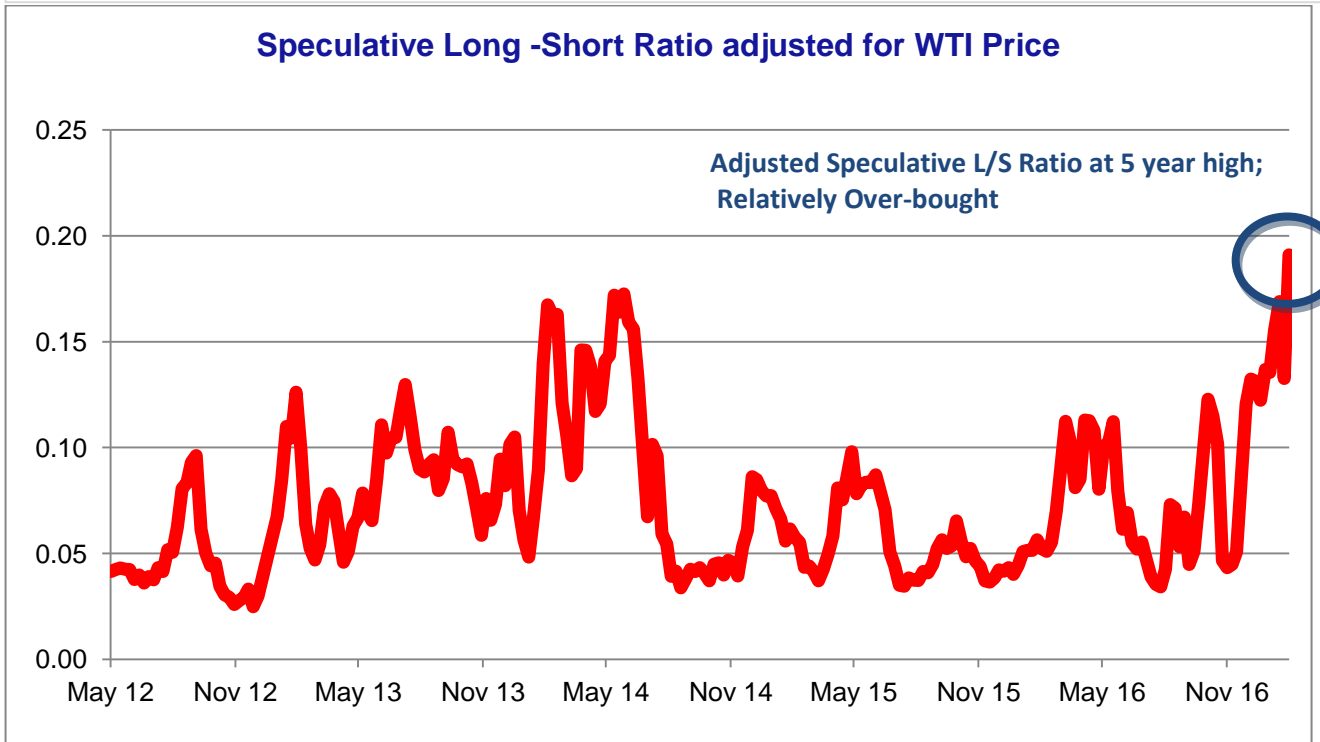
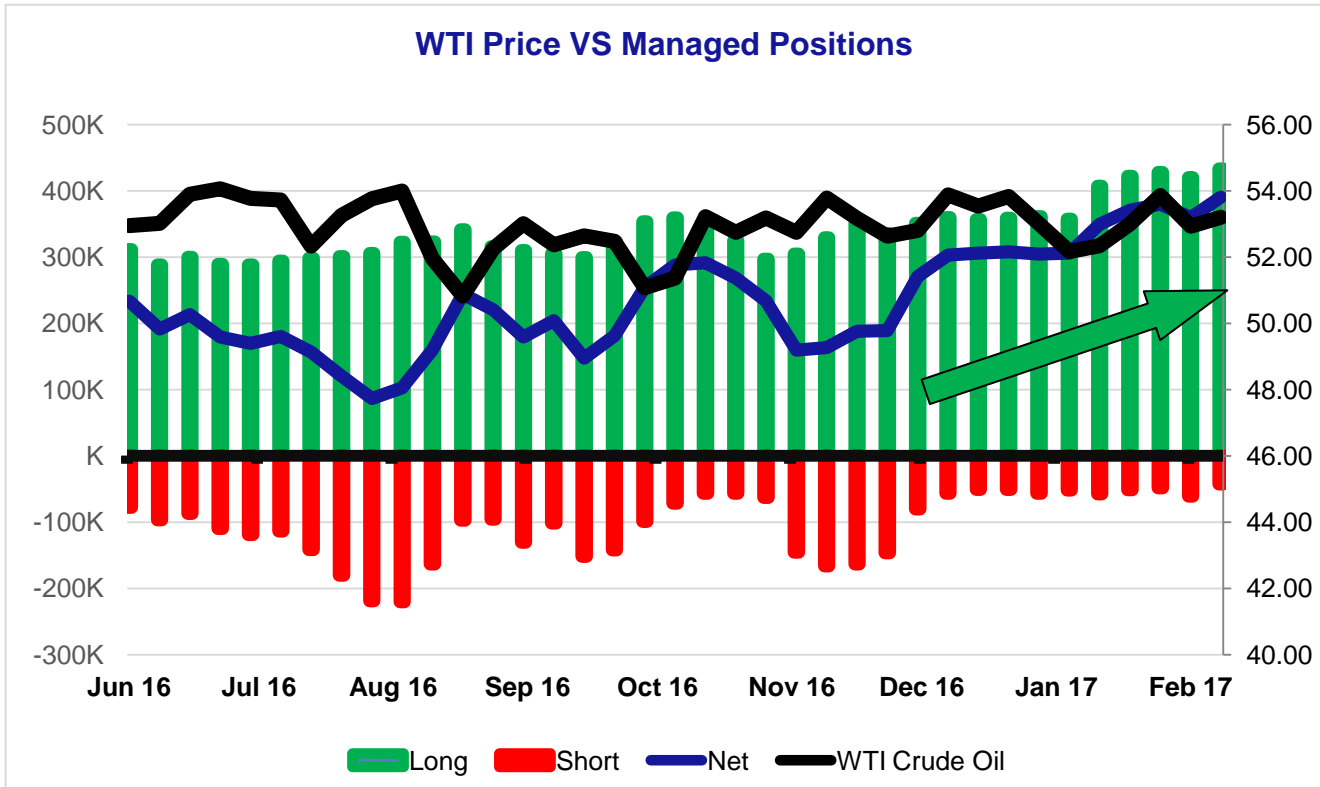
EIA Inventory Analysis



Source: Reuters

There has been a chronic build up in inventories over the last 6 weeks where **current absolute inventory levels are nearing 518 million barrels**. This stubbornly high inventory build-up should **continue to hamper any strong price rally above US\$57 for the first half of the year**.

CFTC Speculative Positions (14 February 2017)



Source: Reuters

Based on last Friday's CFTC Commitment of Traders (COT) data release for the previous Tuesday (14 January 2017), speculative net longs have continued their climb to record highs(390K) .This coupled with very large inventory surplus over the last few weeks has increased the downside price risk.

For Crude Oil prices to rise sustainably, swap net long position need to go down and producers net long positions need to rise. As of now, this has not happened.

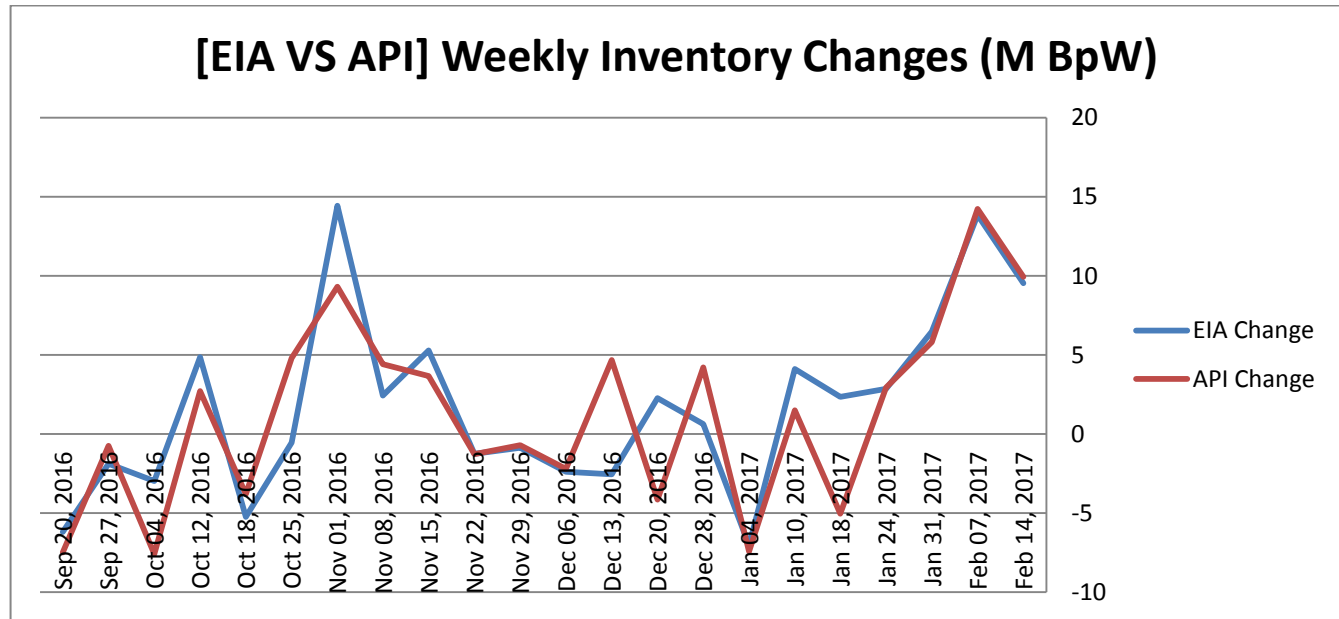
After having adjusted the WTI Speculative Long-Short Ratio for price, we see that WTI currently seems to be significantly over-bought by speculators, being at a 5 year high.

API Inventory Change (23 February 2017)

Release Date	Actual	Forecast	Previous
Feb 22, 2017	-0.884	3.3	9.94

Figures are listed in Million of Barrels per Week (M BpW)

Source: Reuters



Source: Reuters

Current historical time-series correlation between EIA and API data is at 0.77, hence API can be seen to be a rather accurate predictor of EIA release given that API is released several hours before EIA. **This morning's API came out at drawdown of 884 K barrels, therefore it is highly likely that tonight's EIA numbers would most likely be in slight drawdown. Crude oil prices have already started adjusting upwards because of this anticipated drawdown.**

What to watch out for tonight

Date	Time	Economic Release	Period	Survey	Previous
24-Feb	23:00	DOE Total Change in Crude Oil	Feb 17	3385K	9527K
24-Feb	0:00	DOE Total Change in Cushing OK	Feb 17	-25K	-702K
24-Feb	0:00	DOE Total Change in Gasoline I	Feb 17	-1160K	2846K
24-Feb	0:00	DOE Total Change in Distillate	Feb 17	-760K	-689K
24-Feb	0:00	DOE Change in Refining Capacit	Feb 17	0.04%	-2.3%
25-Feb	2:00	Baker Hughes United States Oil	Feb 24		751

Weekly Outlook

Based on the facts, data and analysis presented in this report, I believe **WTI April contract prices should go upwards towards key resistance levels of US\$54.89 before heading back down to continue trading within the range of US\$52.97 and US\$ 54.89.**

Based on the previous few weeks of price action, it seems that institutional funds are taking a long-term bullish view on crude oil, taking advantage of EIA surplus announcements to accumulate long positions on price dips. Should this institutional buying behaviour continue, crude oil prices should continue to stay supported at the US\$53 level for a while more.

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