

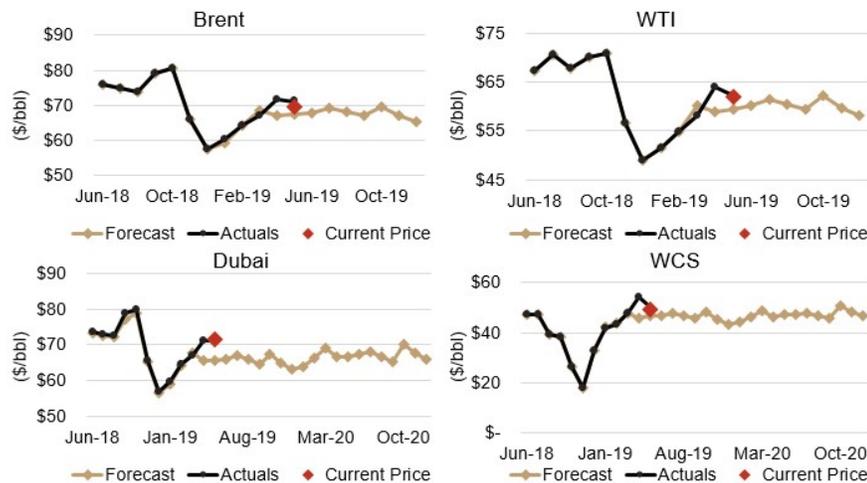
May 06, 2019

May Crude Oil Price Update

Since our last update at the start of April (April 4) prices went on a bull run, and as of May 1, Brent and WTI had increased 4% and 2% respectively. A lot changed in barely a week though and it appears the bull run has finally cracked. As of this writing, Brent is only up 2% since April 4 and WTI is down 1%. Brent has seen slightly more support due to the international aspect of the latest developments.

Recent days have shown some signs of a moderation in prices, but absolute values remain above our most recent outlook, despite being directionally matched. The average price of Brent in April (\$71.63/bbl) came in \$4.52/bbl above our forecast (\$67.11). On a quarterly basis, prices are also about \$4/bbl above our forecast.

Current Price Outlook versus Actual



Six days into the month and prices remain above our expectations but have been falling closer. Only Dubai has resisted correction, as international developments help to bid up the value of medium and sour crudes. While price increases at the start of April were driven by robust demand and balanced fundamentals, geopolitics have been behind the increases of the past few weeks. Unlike the gradual tapering of bullish momentum that we were hoping for, it appears a sharp correction was inevitable. Prices will fluctuate in the month ahead as markets attempt to find a balance between current production and potential problems.

Several large developments are affecting prices and differentials and will remain front-of-mind for the rest of the month. Below we discuss the implications and potential outcomes of these developments.

The rest of this report is available to subscribers of our [Short-Term Outlook Service](#). Not a subscriber? [Create an account](#).