

What's Affecting Oil Prices the Week of Feb. 3, 2020?

This video is either unavailable or not supported in this browser
 Error Code: MEDIA_ERR_SRC_NOT_SUPPORTED





Technical details :



The media could not be loaded, either because the server or network failed or because the format is not supported.


Session ID: 2020-02-23:c37e145e213eec3b1a5a3637 Player ID: vjs_video_3 If you are using an older browser please try upgrading or installing Flash.

OK

WHAT'S AFFECTING OIL PRICES THE WEEK OF FEBRUARY 3, 2020?

<ul style="list-style-type: none"> • Geopolitical Unrest 	<ul style="list-style-type: none"> • Global Economy 
<ul style="list-style-type: none"> • Oil Supply 	<ul style="list-style-type: none"> • Oil Demand 

 Upward pressure on prices
  Downward pressure on prices

STRATAS  ADVISORS
A HART ENERGY COMPANY

Brent fell \$4.13/bbl last week to average \$59.02/bbl, and WTI fell \$3.49/bbl last week to average \$52.73/bbl. For the week

ahead, we expect weakness to persist with Brent averaging potentially below \$55/bbl.

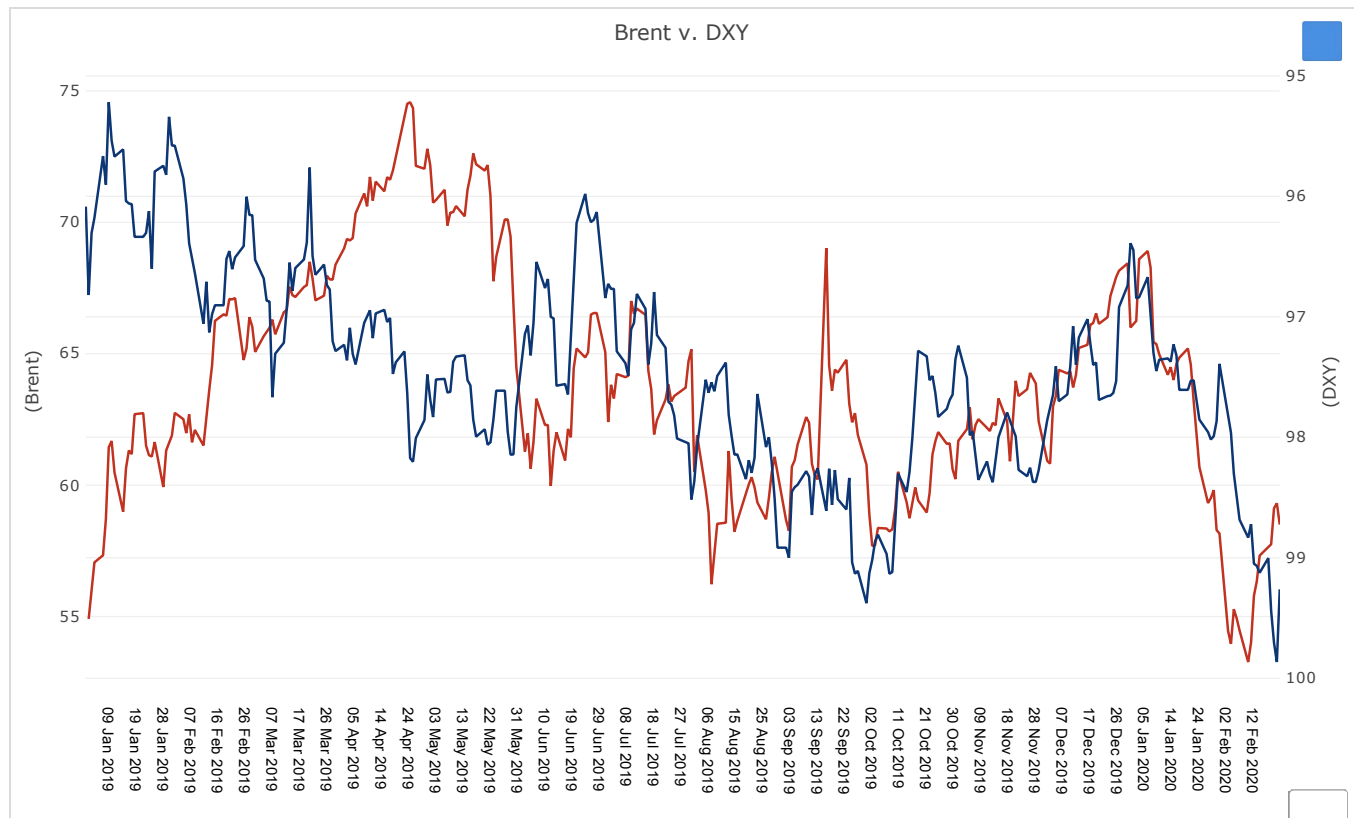
Demand fears stemming from the coronavirus outbreak are the primary impetus behind lower prices, with many Chinese refineries reportedly lowering planned February runs in an attempt to support prices. OPEC is also reportedly mulling another 500 Mb/d cut to production in an effort to support markets. The infection rate continues to rise, leading to more quarantines and transportation restrictions throughout Asia and Russia.

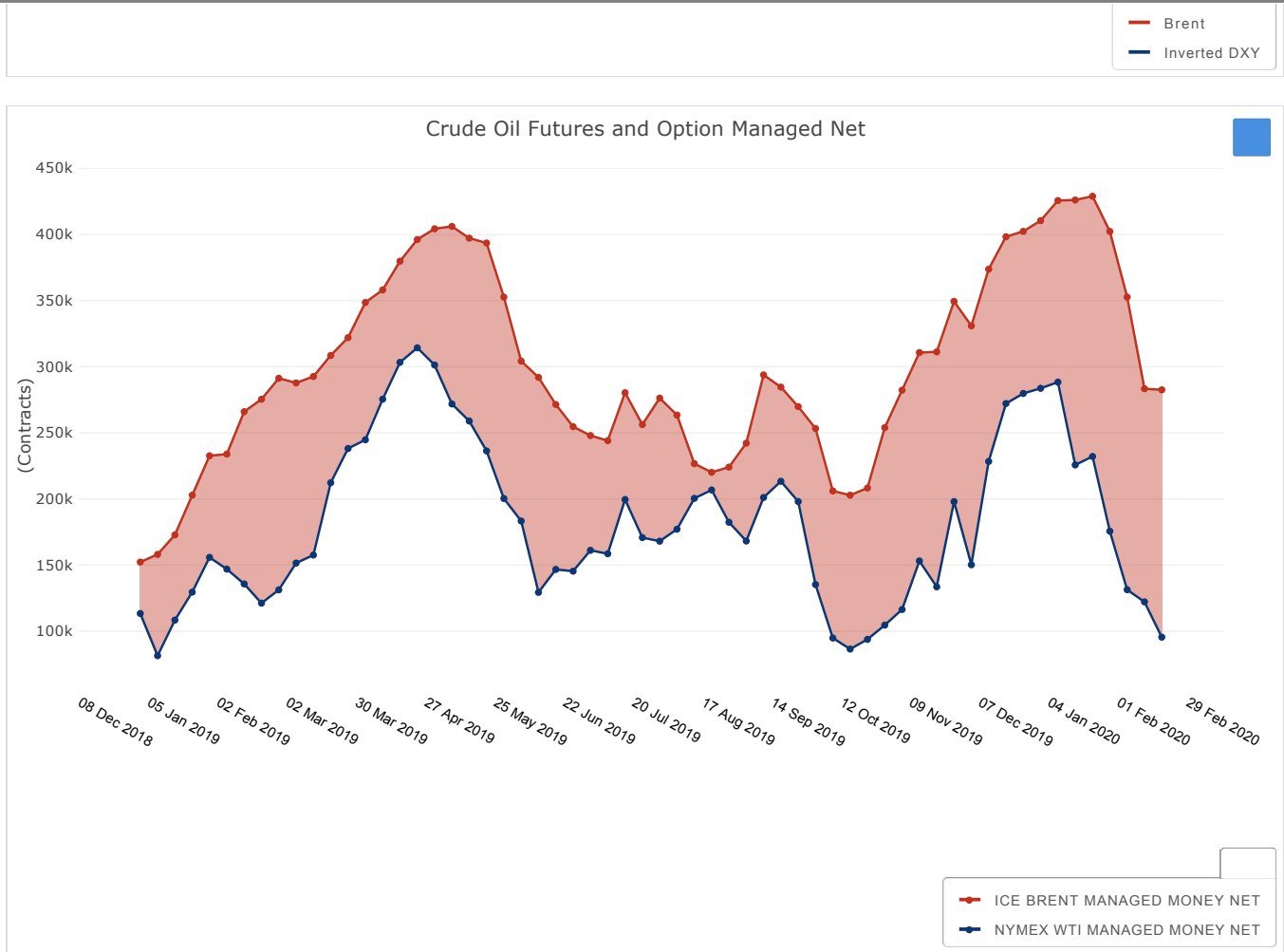
While the Lunar New Year holiday has officially ended, activity levels remain low due to pervasive mass quarantines and self-quarantines. Experts continue to struggle at predicting when the infection will peak due to the extended incubation period and a higher level of contagion than SARS. As the infection spreads, demand and thus prices will remain under pressure. Assuming world health authorities are able to refine diagnosis and treatment protocols to slow the rate of outbreak, the bulk of the impact will be seen in the first quarter but could be enough to turn global growth negative in 1Q2020.

Lower runs in Asia will raise crude stocks while weak demand is also building product stocks. Additionally, a potentially lower export demand could raise crude stock levels in the United States. European and US run rates have so far been unaffected, but as refiners exit maintenance a lack of export demand could build stocks.

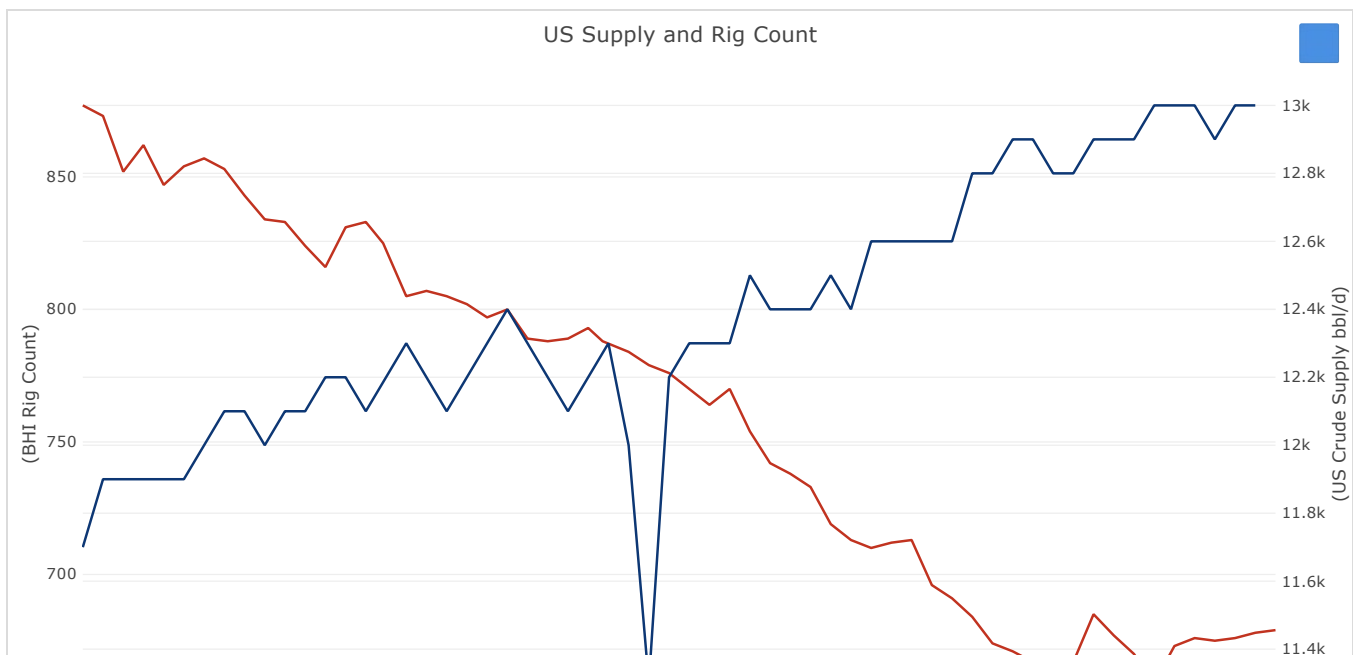
Geopolitical Unrest – Neutral

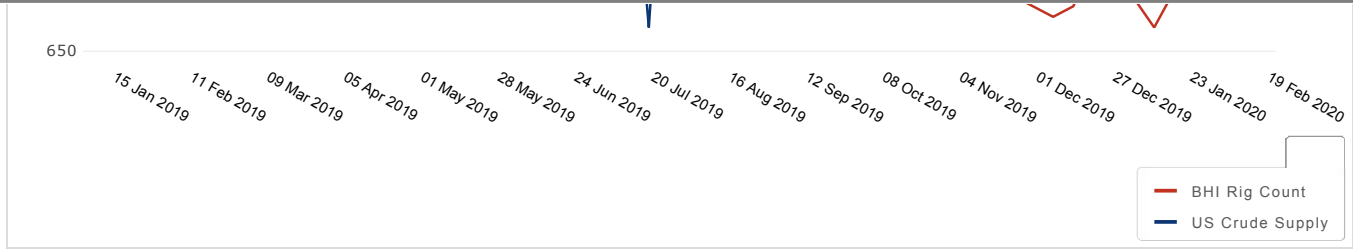
Global Economy – Neutral



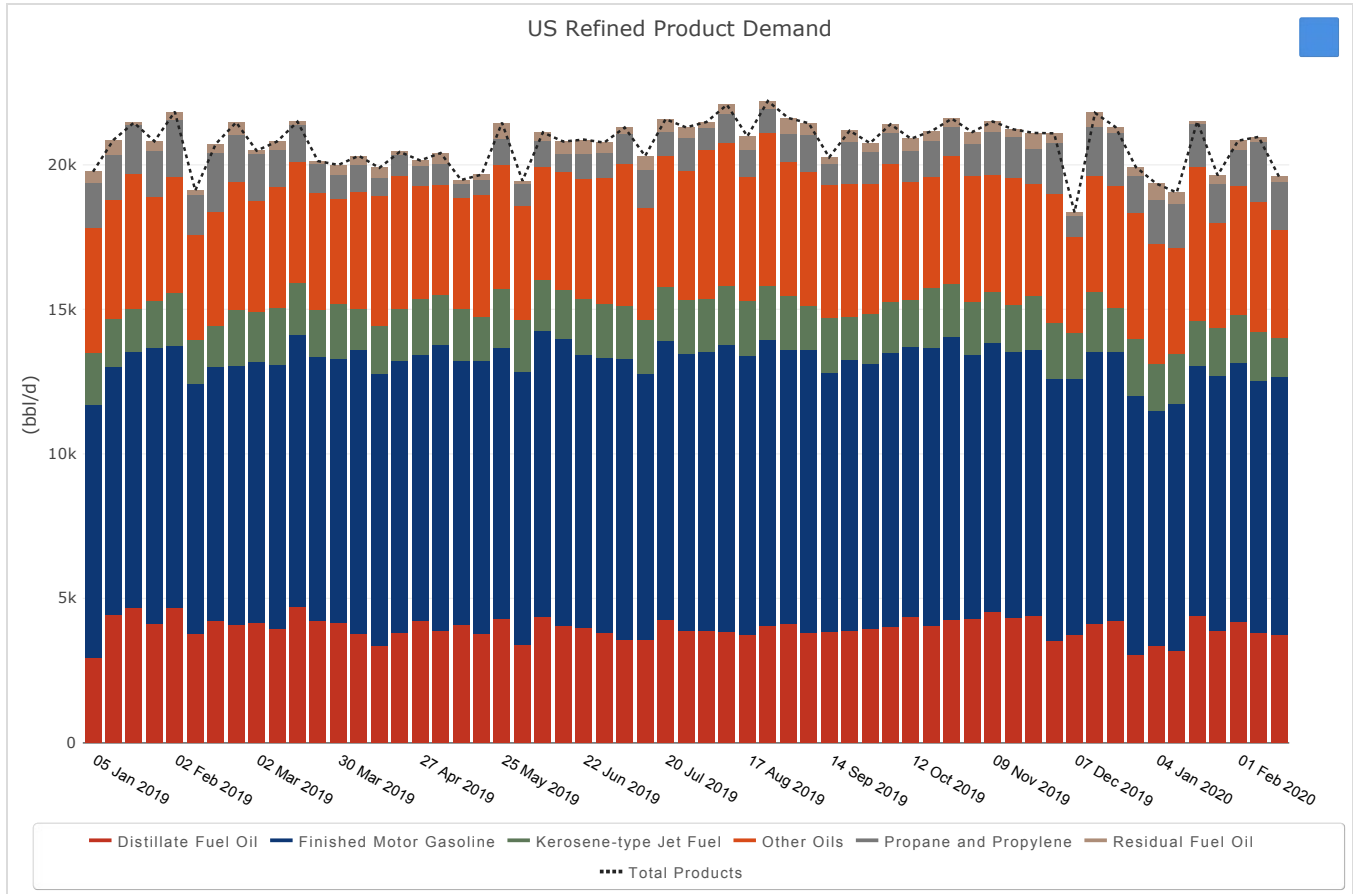


Oil Supply – Negative





Oil Demand – Negative



Margin

