








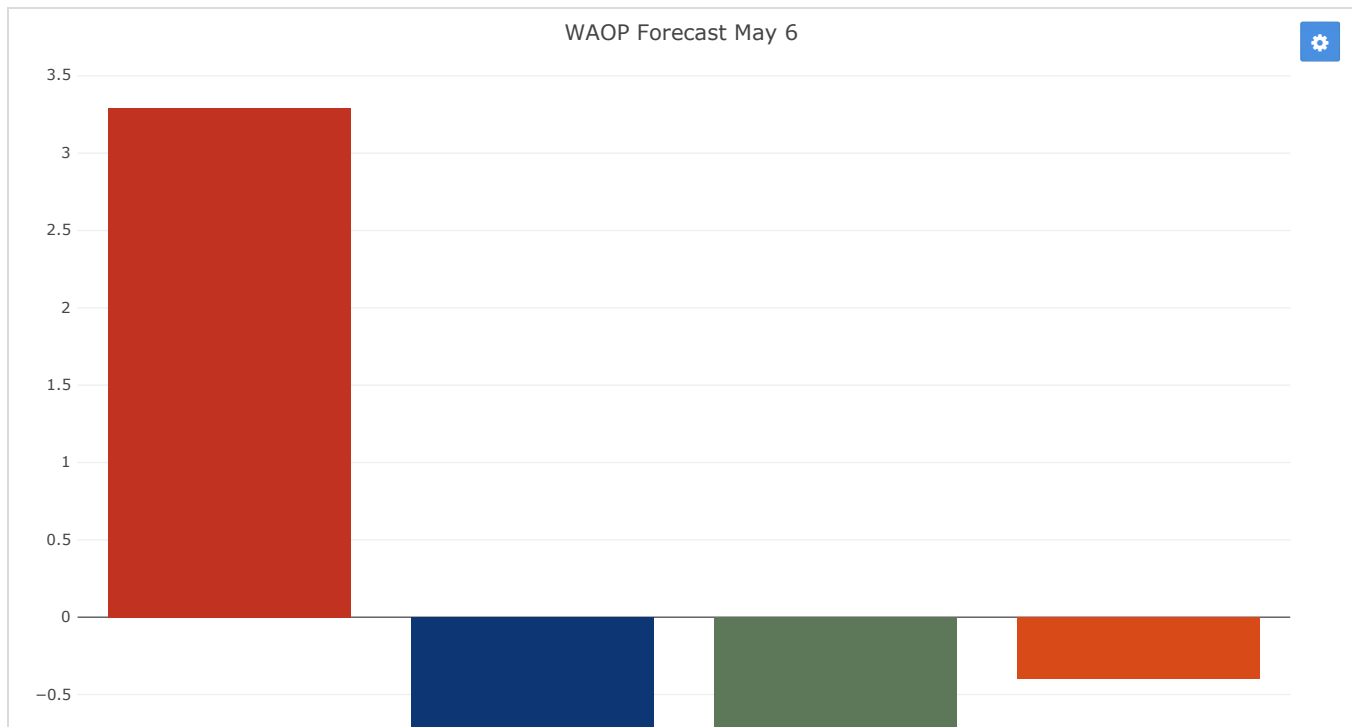
## What's Affecting Oil Prices the Week of May 6, 2019?

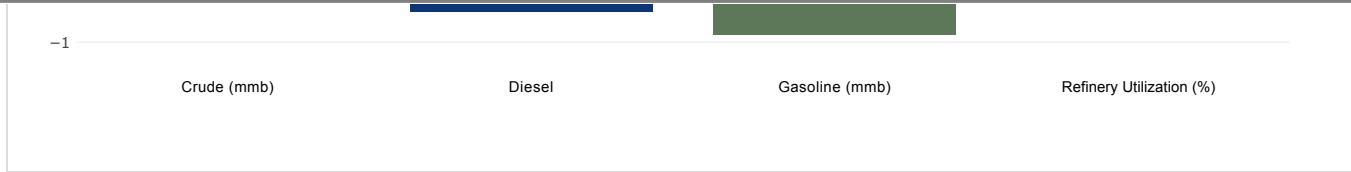
### WHAT'S AFFECTING OIL PRICES THE WEEK OF MAY 6, 2019?

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

 Upward pressure on prices    
  Downward pressure on prices

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It appears the recent bull run may have run its course with both Brent and WTI falling last week. Brent fell \$2.18/bbl to average \$71.74/bbl while WTI fell \$2.32/bbl to average \$62.96/bbl in line with our forecast from last week. For the week ahead we expect Brent and WTI to find their floors, with Brent averaging \$71/bbl.

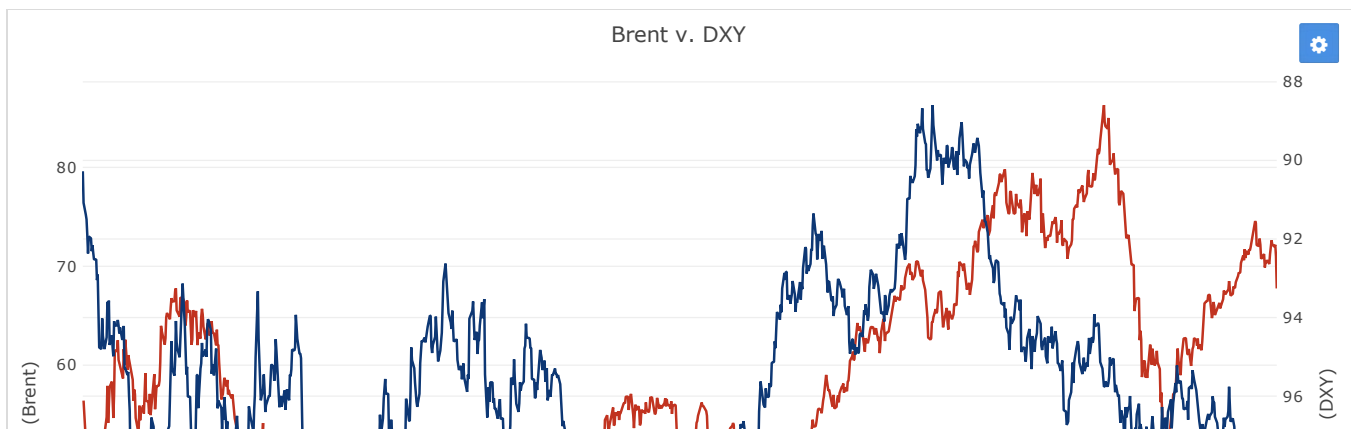
The supply problems dominating headlines last week are now old news, although many of the actual outages persist. The end of Iran sanctions waivers officially came into effect, meaning any shipments transiting the region will be under a microscope as markets attempt to assess compliance levels. Fighting in Libya continues and without international intervention could continue through the summer, impeding flows. Flows have resumed along the Druzbha pipeline, but it will take months to blend and disperse the contaminated oil, and regional operators' margins will likely reflect the increased costs. All of these problems were forgotten, however, when United States production posted another record-breaking weekly number, with EIA estimates placing production at 12.3 MMb/d in the week ended April 26.

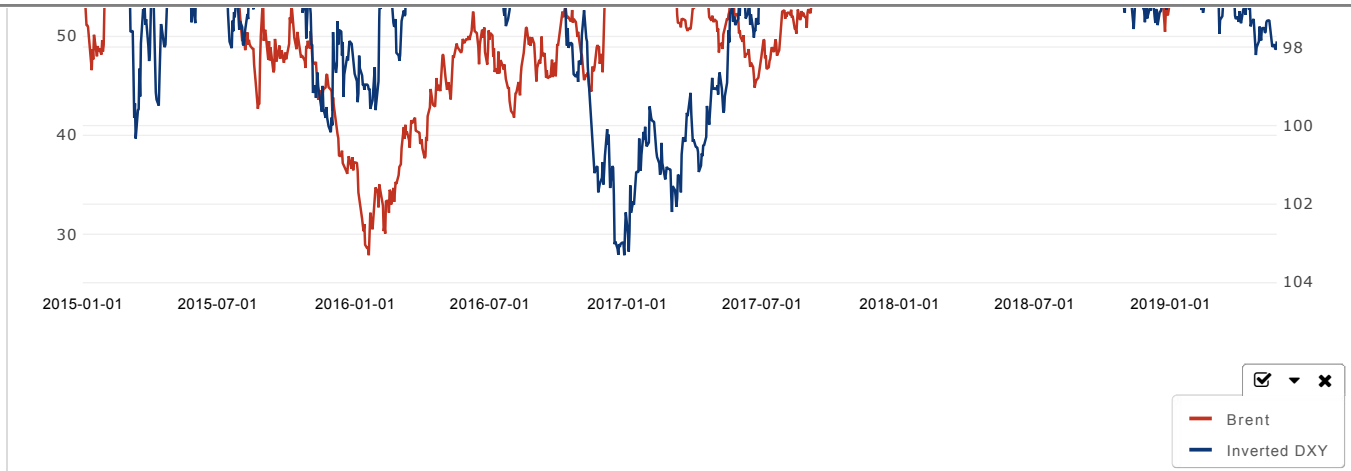
Demand in India and surrounding countries could be impacted by Cyclone Fani, but this will be temporary. Elsewhere, demand remains generally healthy, but mixed. The United States saw distillate demand drop, although stocks continued to fall, likely due to heavy refinery maintenance. In Europe, total product stocks have bumped above the five-year average, due to builds in jet fuel and gasoil, although these builds appear to be slowing.

The week ahead will be driven by sentiment more than fundamentals, with funds likely to continue unwinding bullish positions after the first drop in bullish US positions since February. Ideally, a reasonable floor will be quickly found but more likely prices will fluctuate throughout the next two weeks as markets seek a price that balances potential disruptions against current production.

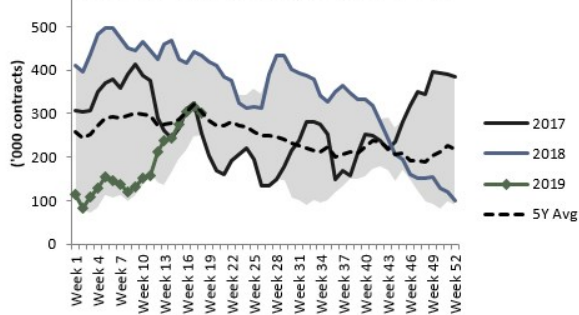
**Geopolitical Unrest – Positive**

**Global Economy - Neutral**

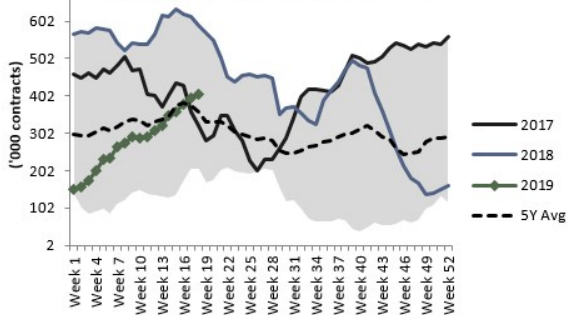




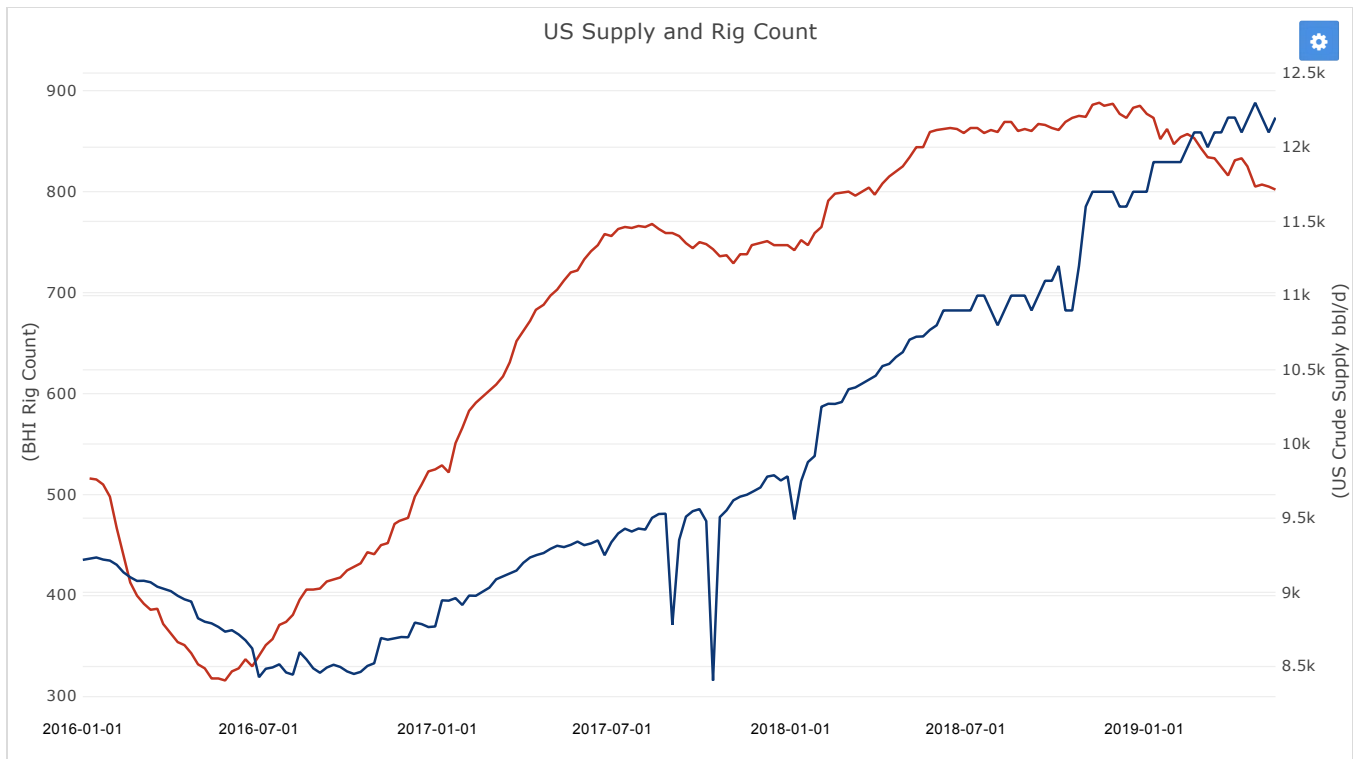
**NYMEX WTI Managed Money Net**

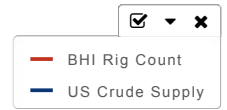


**ICE Brent Managed Money Net**

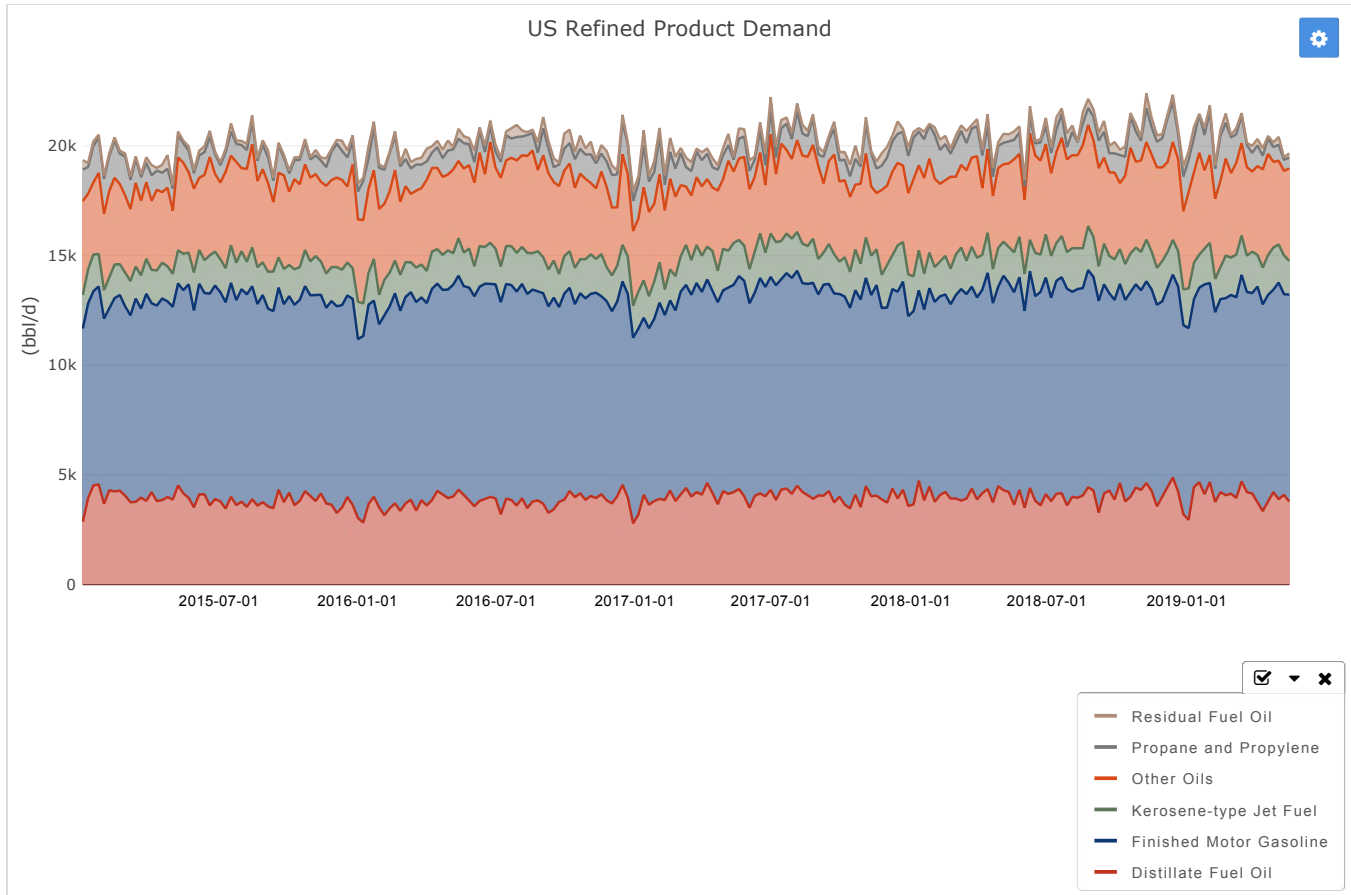


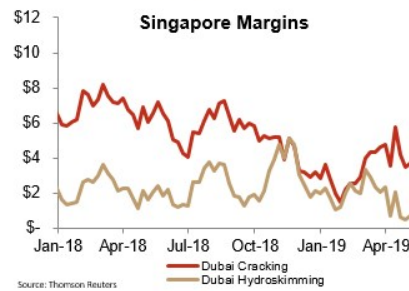
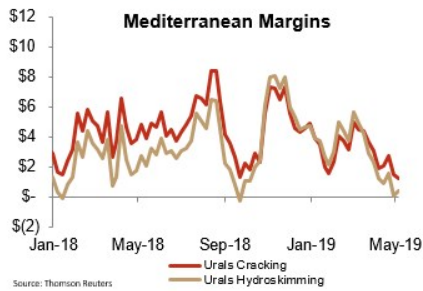
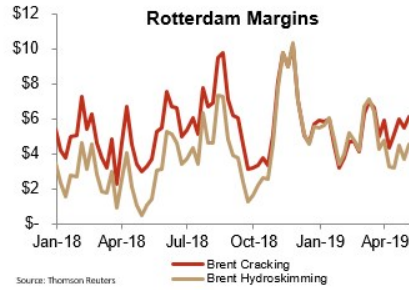
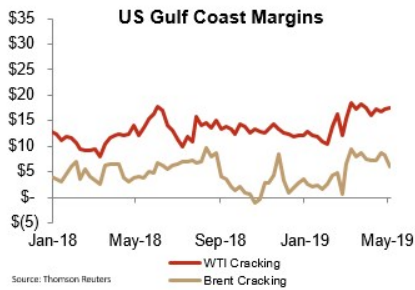
**Oil Supply – Positive**





**Oil Demand – Neutral**





## How We Did

