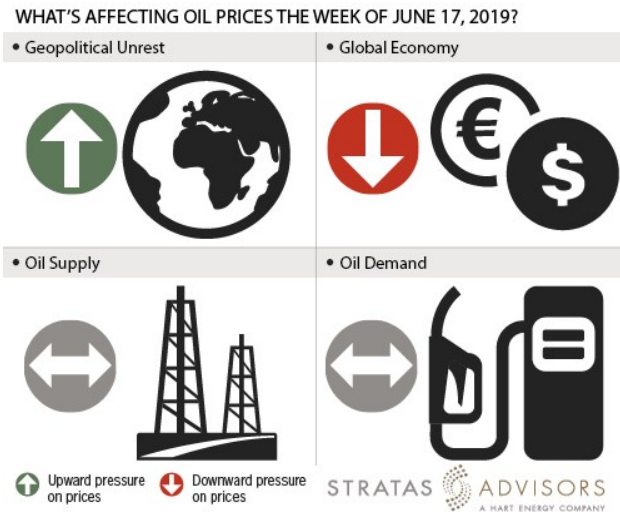


What's Affecting Oil Prices the Week of June 17, 2019?



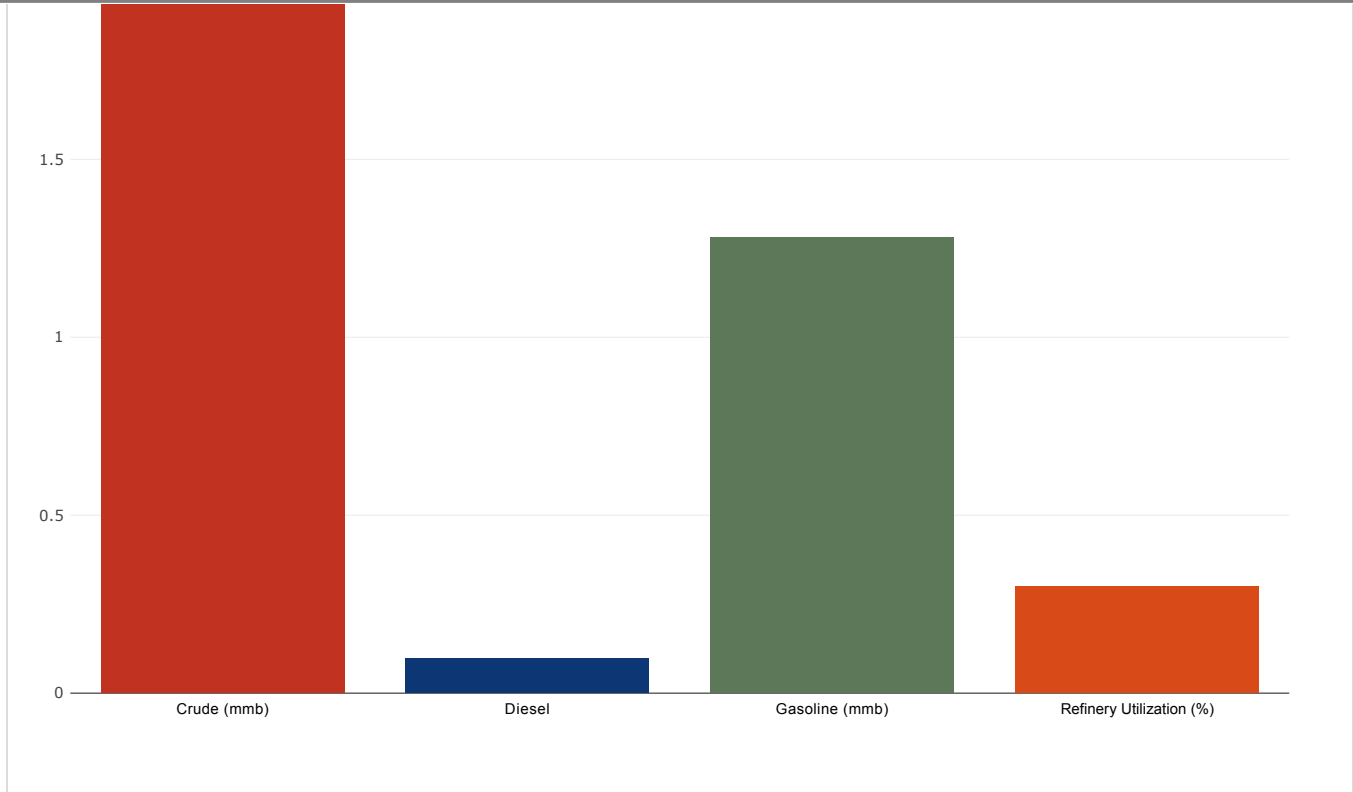
Brent fell \$0.19/bbl last week to average \$61.57/bbl but with significant intra-week volatility. WTI fell \$0.51/bbl to average \$52.49/bbl. For the week ahead we expect Brent to average \$62.50/bbl as geopolitical tensions remain high.

Markets were transfixed by reports that two tankers had been attacked near the Strait of Hormuz, with the US quickly asserting that the attack was carried out by Iran. Iran has continued to deny its involvement in the attacks as well as the earlier attacks on May 12. Almost more important than what actually transpired is what this means for Iran-US relations. Leaders in both countries have made dramatic statements, and neither side appears willing to make any sort of goodwill gesture in an effort to lower tensions. The most likely outcome of the attacks will be an increased US military presence in the Strait, increasing the likelihood of a confrontation. Prices will remain supported next week on the back of geopolitical tensions.

Elsewhere, markets saw several governmental agencies release more bearish outlooks for the global economy and future crude oil demand. A trend appears to be forming in which there is an entrenched expectation that trade disputes will be resolved by 2020. Given that we are halfway through 2019 with no concrete progress to report this seems unlikely and any macroeconomic expectations will need to take into account the impact on timing and negotiations that upcoming US elections will have.

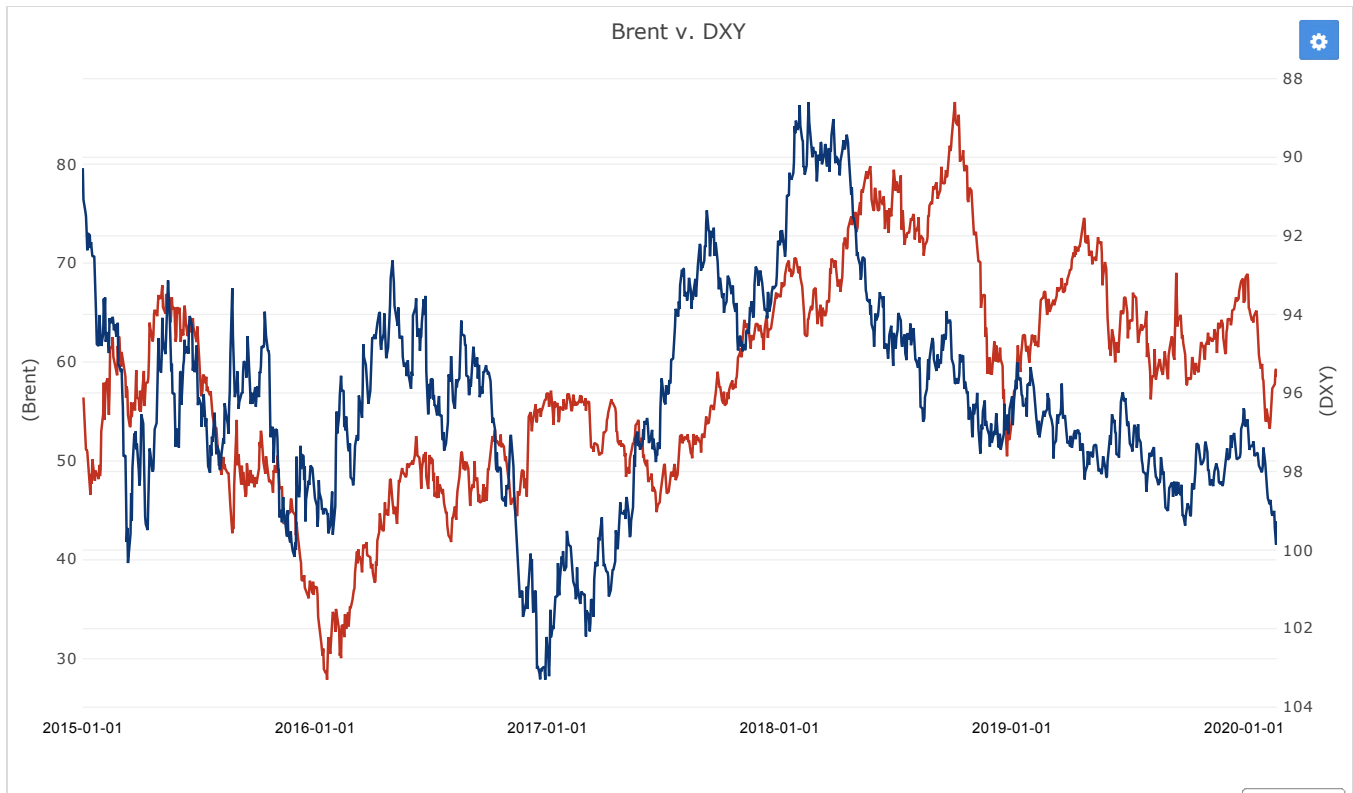
WAOP Forecast Jun 17

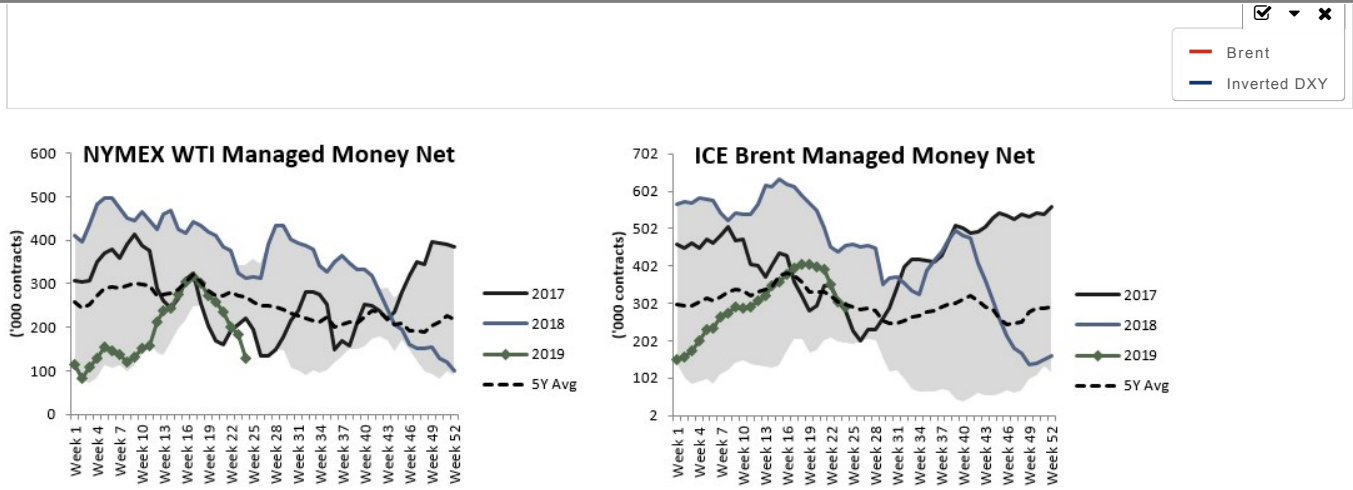




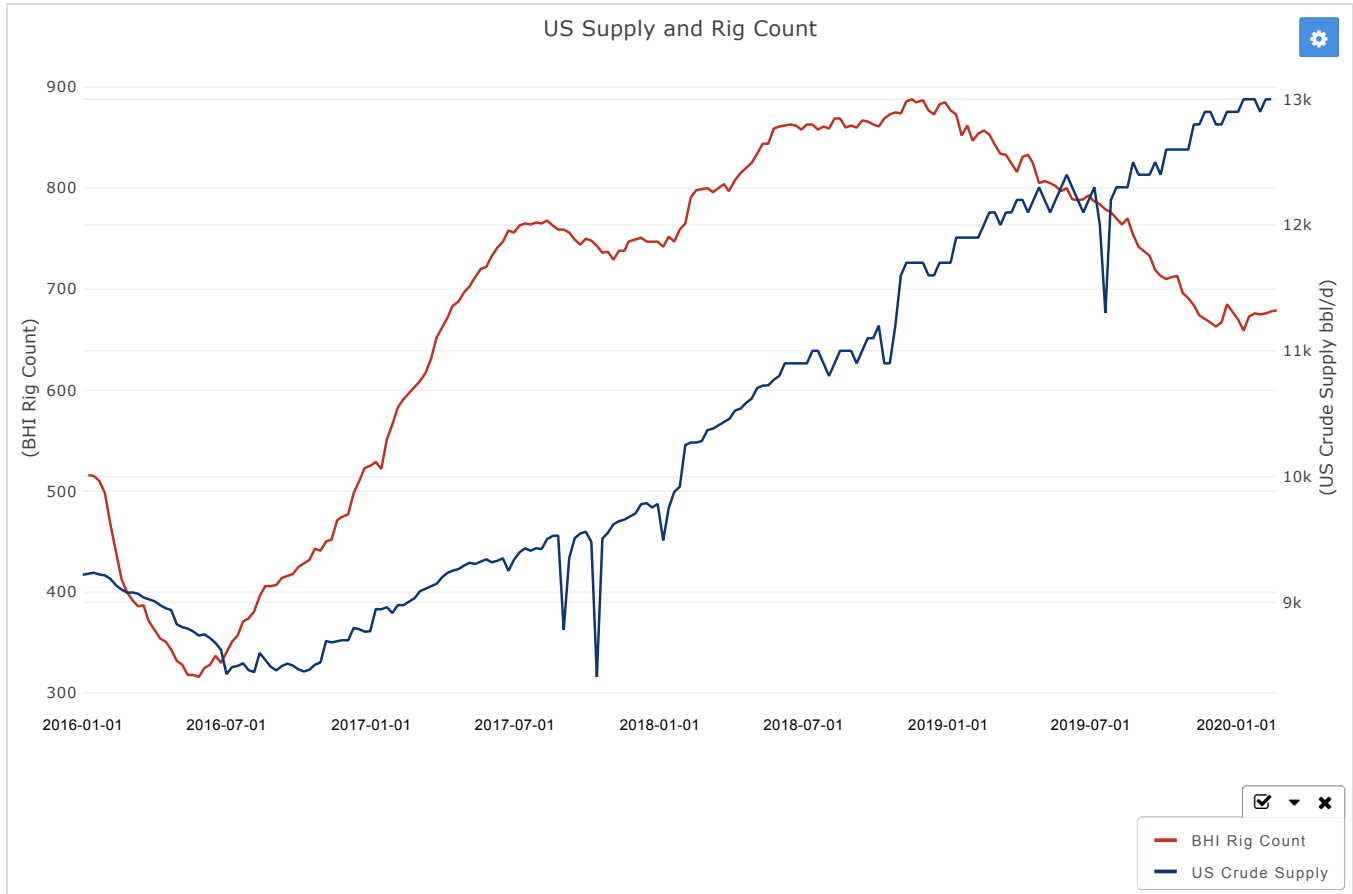
Geopolitical Unrest – Positive

Global Economy - Negative



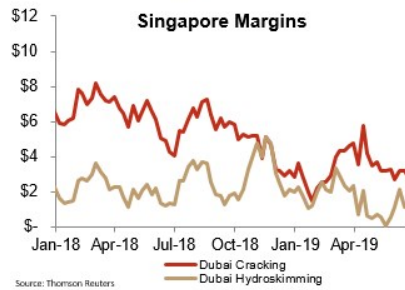
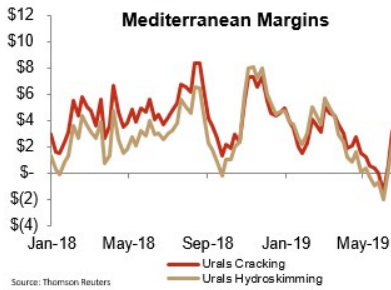
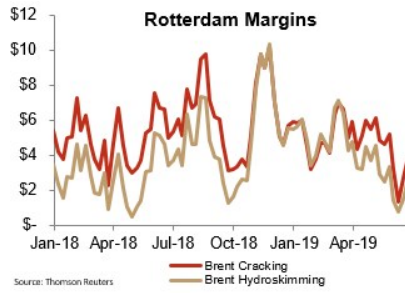
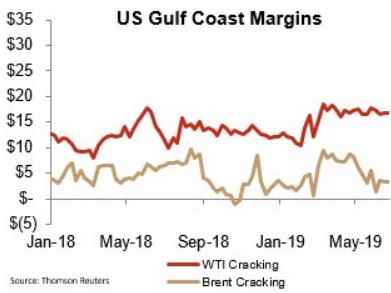
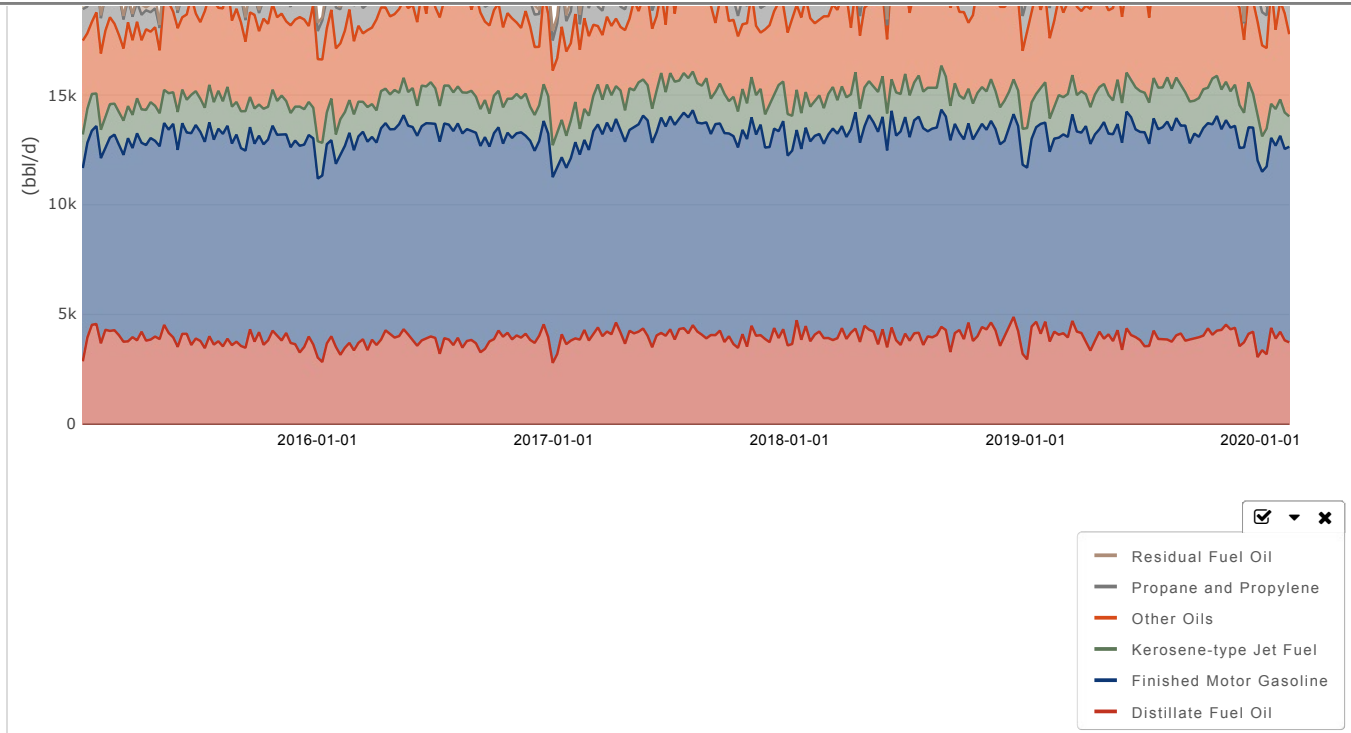


Oil Supply – Neutral



Oil Demand – Neutral





How We Did

