

## What's Affecting Oil Prices the Week of July 22, 2019?

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### WHAT'S AFFECTING OIL PRICES THE WEEK OF JULY 22, 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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Brent and WTI both fell last week. Brent crude oil fell \$1.93/bbl to average \$63.78/bbl, while WTI crude oil fell \$2.28/bbl to average \$56.98/bbl. Prices lost significant support after refined product stock levels built in both the United States and the Amsterdam-Rotterdam-Antwerp hub. For the week ahead we expect Brent prices

to tread water as fears about demand are partially countered by geopolitical tensions.

Tensions continue to rise in the Persian Gulf, and further developments could support prices. After mixed reports about whether or not US forces shot down an Iranian drone, the Iranian Revolutionary Guard announced it had seized a British tanker in response to an Iranian tanker seized two weeks ago. The situation is still developing with British leaders in consultation about how best to respond to the provocation. This marks a distinct change in Iran's behavior and shows that Iranian leadership is more willing than before to engage in direct confrontations.

Managed money net positioning increased for the second week in a row for WTI and also for Brent. Although fears about a global economic slowdown persist, speculators likely believe that much of this slowdown has been priced in. While prices will remain buffeted by bearish and bullish factors, the likelihood for a significant leg down is dwindling. In the weeks ahead, earnings reports from not just oil and gas companies, but also consumer-facing companies, could have an outsized impact on price expectations.

**Geopolitical Unrest – Positive**

**Global Economy - Negative**

**Oil Supply – Positive**

**Oil Demand – Negative**

**How We Did**