# TECHNO FUNDA REPORT ON

# CRUDE OIL

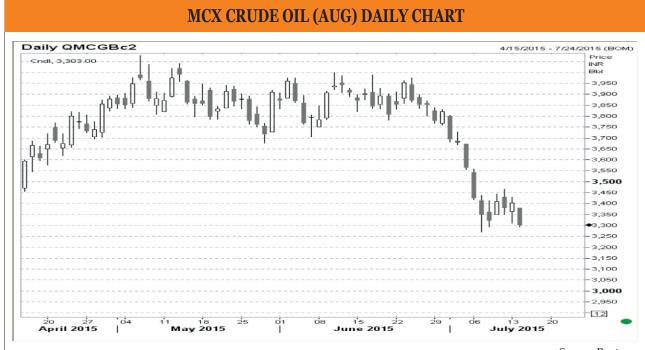
Prices may move lower

July 14, 2015









### Source: Reuters

#### Recommendation

Investors can take fundamental sell position in Crude oil (Aug) at current prices with target of 3000 and stop loss of 3450.

#### Note

- $\bullet \ \ These long term fundamental calls are for duration of three to four weeks time frame and do not confuse \ these with intraday calls.$
- It is assumed that investor takes position in two lots and square off position in one lot on partial profit booking and trail stop loss to buying/selling price for second lot.



Source: Reuters



#### **Bullish factors**

# **Recovery in Greenback**

Dollar index can witness some recovery at current levels as its prices can show recovery towards 98 levels in near term. Any recovery in greenback in bearish for Crude oil.

## **Increased US production**

U.S. crude oil production is projected to increase from an average of 8.7 million b/d in 2014 to 9.4 million b/d in 2015 and then decline to 9.3 million b/d in 2016. The forecast is 0.2 million b/d and 0.1 million b/d higher for 2015 and 2016, respectively. The increase in the crude oil production forecast reflects upward revisions to estimated production in the first quarter of 2015.

EIA estimates that non-OPEC production grew by 2.3 million b/d in 2014, mainly as a result of output growth in the United States. EIA expects non-OPEC production to grow by 1.3 million b/d in 2015 and by 0.2 million b/d in 2016. Forecast non-OPEC production growth was revised upward from last month's outlook by an average of 0.5 million b/d in 2015, to account for historical revisions to first quarter U.S. production and increases to forecast Canadian production.

# **Increased OPEC production**

OPEC's output expanded last month to the highest level since August 2012 as Iraq pumps at a record pace.

#### Nuclear deal between Iran and world powers has been reached

A comprehensive deal on Iran's nuclear programme has been done, diplomats in Vienna said, bringing to an end a 12-year standoff that had threatened to trigger a new war in the Middle East.

#### Russia increased crude oil production

Production in Russia and the Organization of the Petroleum Exporting Countries (OPEC) is also at or near records.



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