

TECHNO FUNDA REPORT ON CRUDE OIL

Prices may move lower

July 14, 2015



Moneywise. Be wise.

MCX CRUDE OIL (AUG) DAILY CHART



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:

- 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.

NYMEX CRUDE OIL DAILY CHART



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.

Sandeep Joon
Boardline : 011-30111000 Extn: 683

Sr. Research Analyst (Metals & Energy)
sandeepjoon@smcindiaonline.com

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