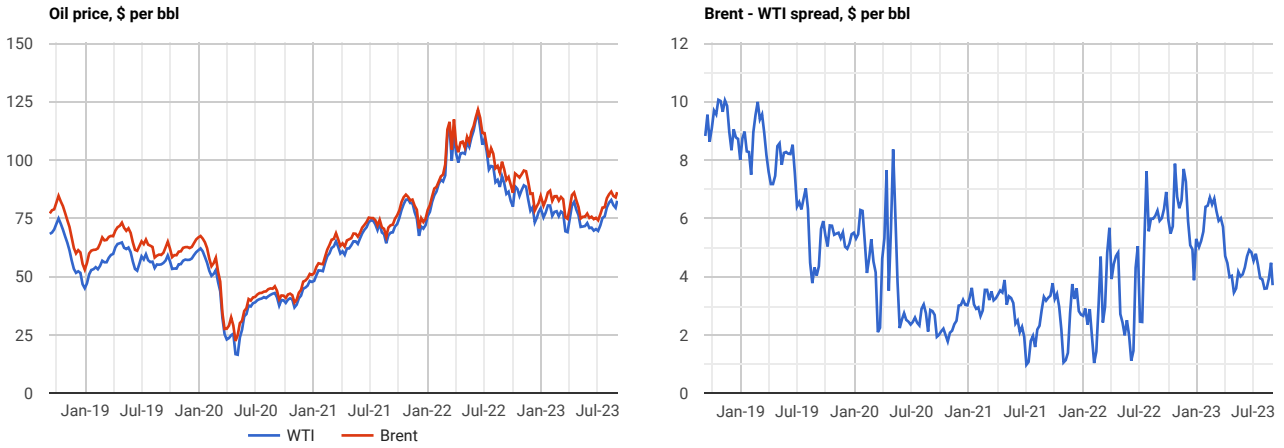


# Crude Oil Market Monitor

September 03, 2023

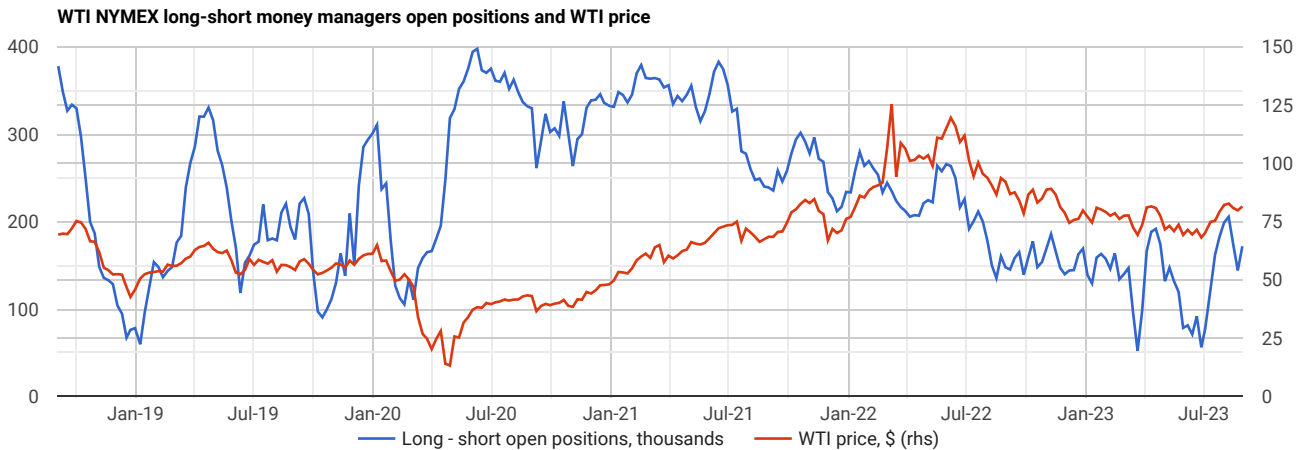
Weekly analysis of the fundamental factors of the US and global crude oil markets: supply, rigs count, demand, inventories, SPR, prices and open positions of traders.

## Crude Oil Prices



WTI price was \$82.6 on September 01, 2023. YTD growth is 4.1%. It's 35% down from the 5 year top of \$127.0. Brent price was \$86.3 on September 01, 2023. YTD growth is 1.9%. It's 33.7% down from the 5 year top of \$130.1.

Brent - WTI spread was \$3.7 on September 01, 2023. YTD growth is -30%.



Source: CTFC

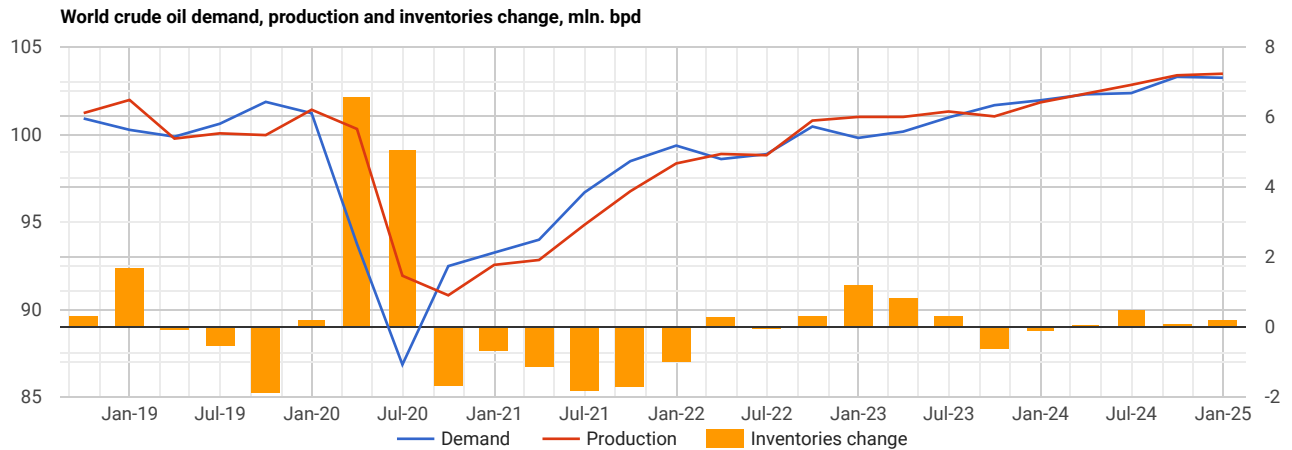
WTI NYMEX long - short money managers open positions was 171,765 contracts on August 29, 2023. YTD growth is 1.6%. It's 229.4% up from the 5 year bottom of 52,147 contracts and below the middle line in the 5 year corridor which implies downside pressure for the oil price.



Source: CTFC

WTI NYMEX money managers open long positions were 225,285 contracts on August 29, 2023. YTD growth is 6%. They are 29.2% up from the 5 year bottom of 174,327 contracts. WTI NYMEX money managers open short positions were 53,520 contracts on August 29, 2023. YTD growth is 23%. They are 178.1% up from the 5 year bottom of 19,242 contracts.

## Global Crude Oil Demand and Production



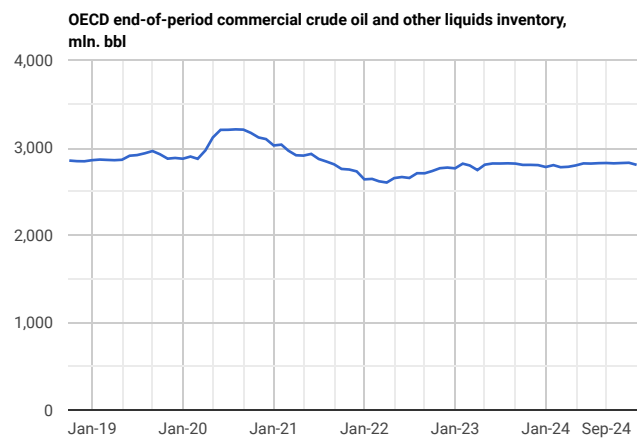
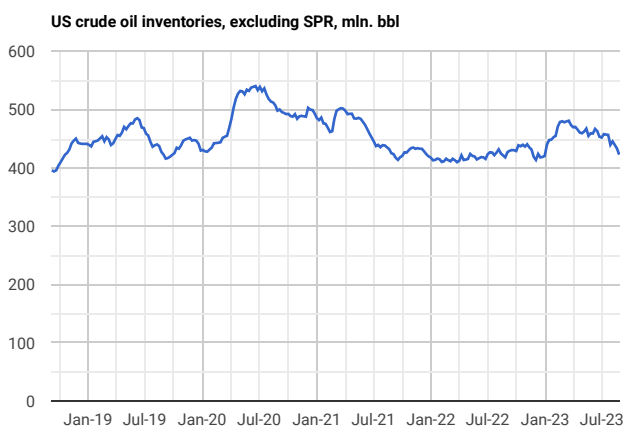
Source: EIA

For the quarter ending September 30, 2023 world oil demand is forecasted at 101.67 mln. bpd, production at 101.03 mln. bpd so inventories change is expected at -0.63 mln. bpd. This implies oil price will have a pressure toward increase this quarter. World oil inventories will switch from decrease to increase in the quarter ending March 31, 2024 when inventories will change on 0.04 mln. bpd.

## Crude Oil Inventories

Inventories are defined by supply and demand balance. If oil supply is higher than demand than inventories are growing. If oil demand is bigger than supply than oil inventories are declining. These moves of oil inventories have a direct impact on oil prices, usually more direct than change in supply or demand per se.

Also, it's worth taking into account that inventories cannot be zero or even close to zero. Every storage capacity has a minimum level which should be maintained. And at the same time inventories have a maximum capacity level beyond which oil cannot be stored or a long time and money are required to add new oil storage capacity to the market. So even a small decline of oil stocks like 5% is considered a big change and leads to oil prices growth. And vice versa with inventories growth.

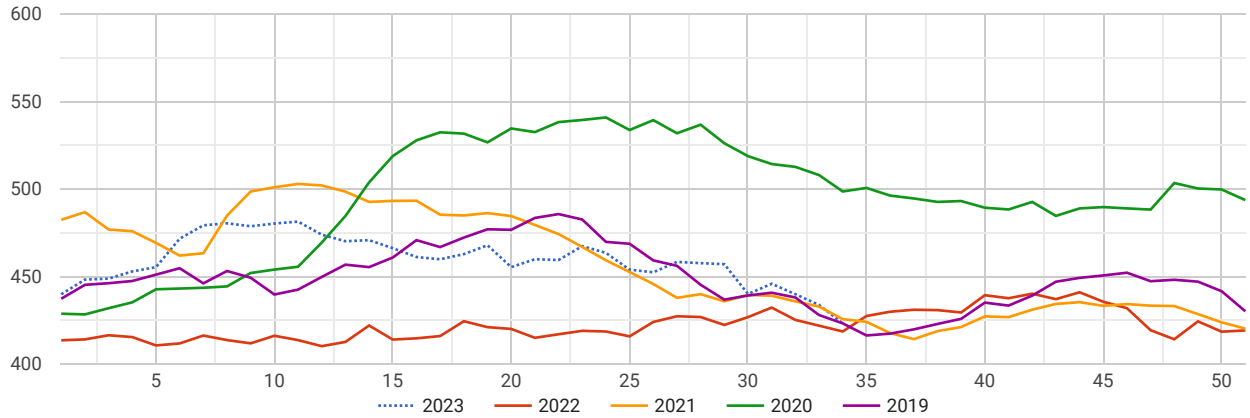


Source: EIA

US crude oil inventories, excluding Strategic Petroleum Reserve (SPR) were 422,944 thousand barrels on August 25, 2023. YTD growth is 0.5%. They are 7.3% up from the 5 year bottom of 394,137 thousand barrels which implies support for the oil price.

OECD commercial crude oil and other liquids inventory is expected to reach 2,806 mln. barrels on December 31, 2024.

**US crude oil inventories, excluding SPR, mln. bbl, last 5 years by week**



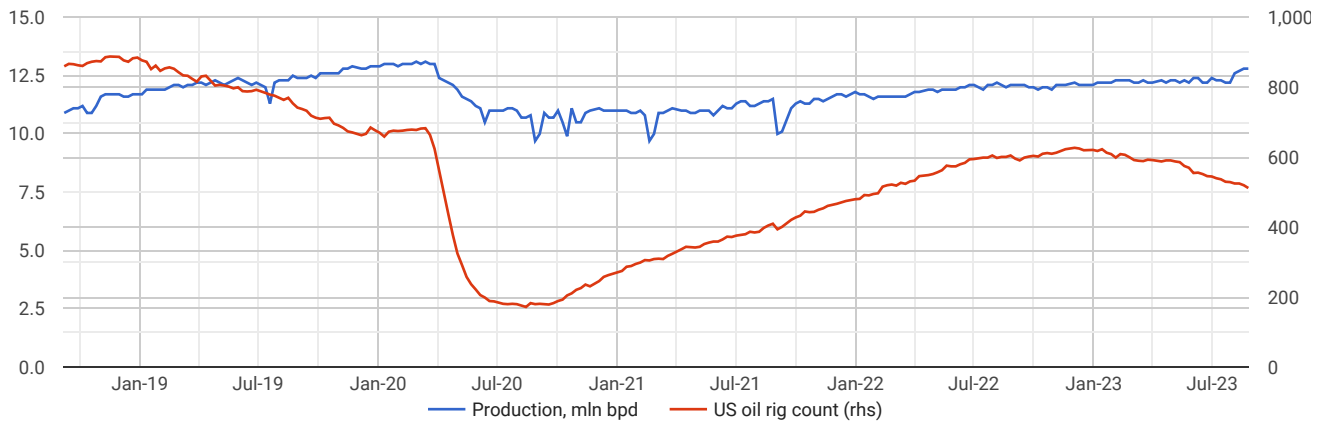
Source: EIA

US oil inventories, excluding SPR, are 4.60 mln. bbl (1.1%) higher from the minimum of 418.3 mln. bbl during the last 5 years at this point of time.

## US Crude Oil Production

Number of oil rigs characterize drilling activity which in turn defines the number of oil wells which will come to the market in the near future. This makes oil rig count a leading indicator of oil production and is a closely monitored parameter of an oil market.

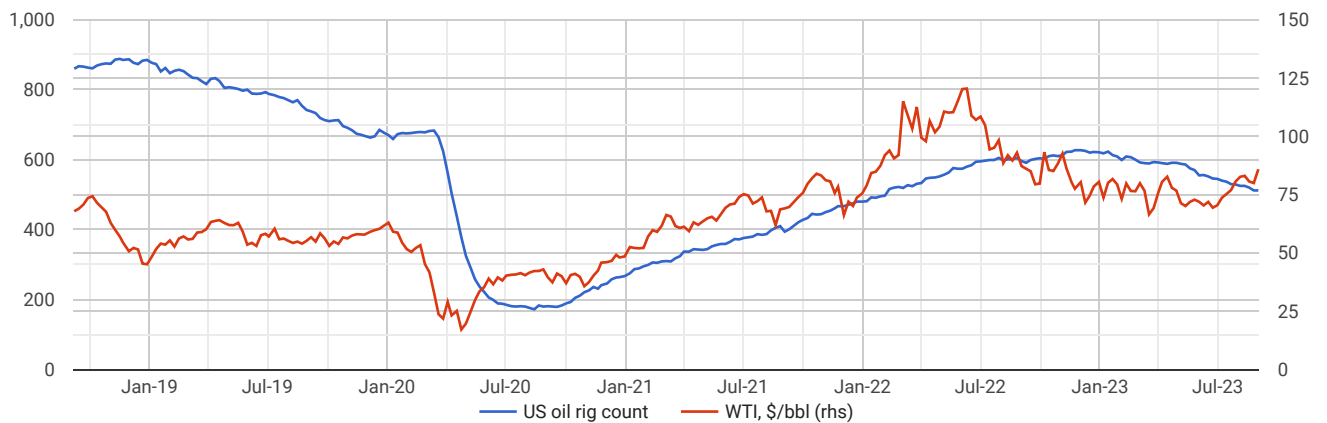
**US crude oil production vs. US oil rig count**



Source: EIA, Baker Hughes

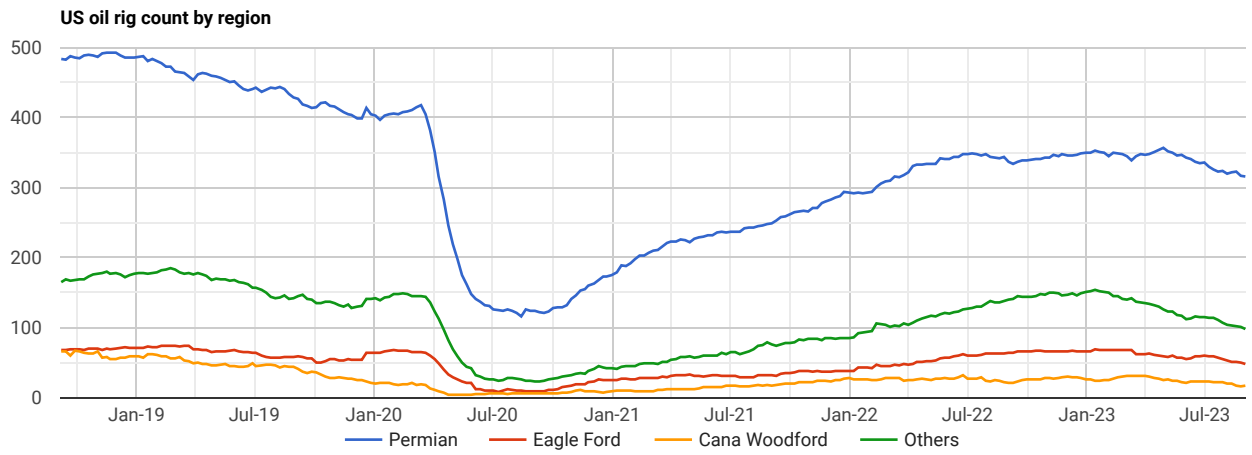
US crude oil production was 12,800 thousand bpd on August 25, 2023. YTD growth is 5.8%. It's 2.3% down from the 5 year top of 13,100 thousand bpd.

**US oil rig count vs. WTI price**



Source: Baker Hughes

US oil rig count was 512 rigs on September 01, 2023. YTD growth is -17.6%. It's 197.7% up from the 5 year bottom of 172 rigs.

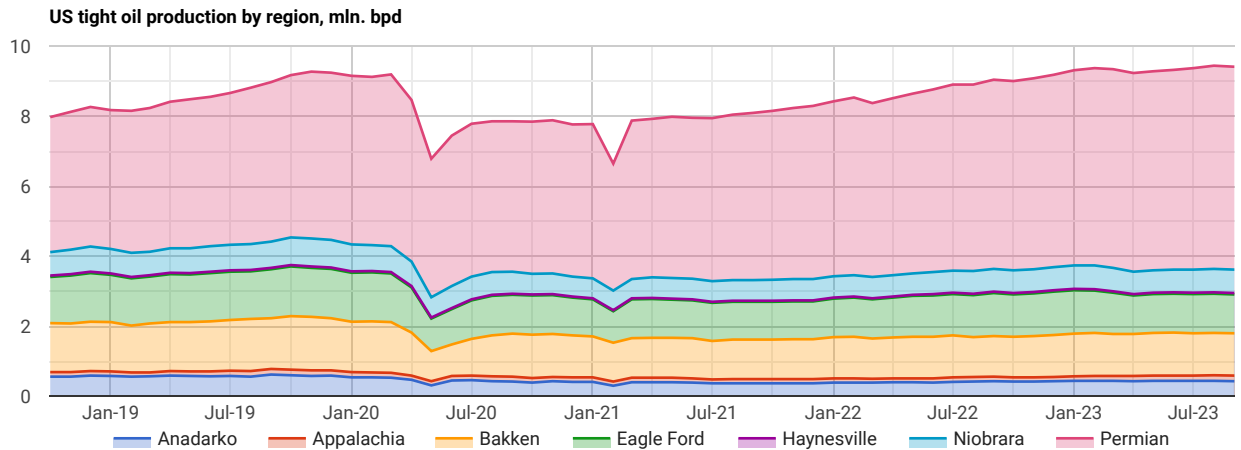


Source: Baker Hughes

The number of oil rigs in the US regions with the most active drilling activity is the following as of September 01, 2023: Permian 316 rigs, Eagle Ford 48 rigs, Cana Woodford 17 rigs and other oil regions 98 rigs.

### Key US Tight Oil Regions

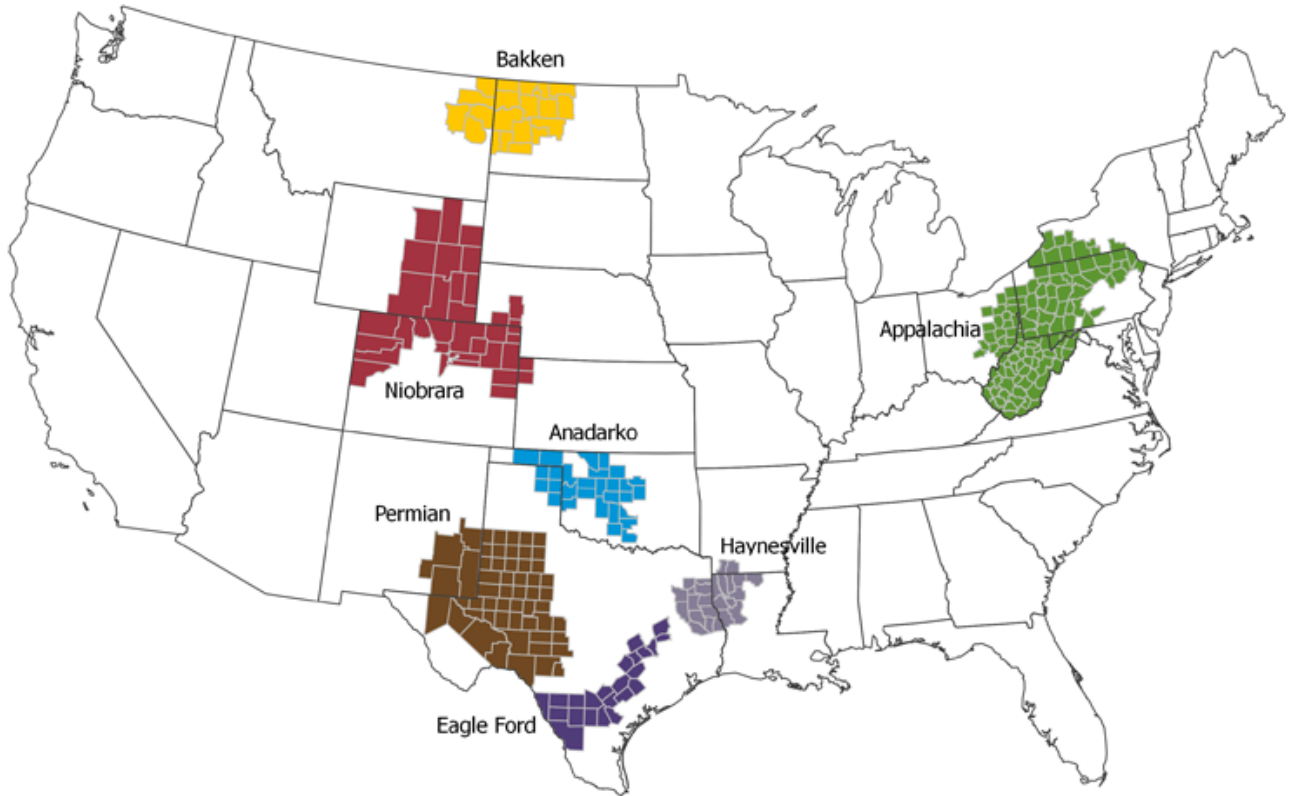
US tight oil regions play a key role in US oil extraction. Nearly 70% of oil is produced in these regions. Tight oil is characterized of fast capex cycles (weeks from drilling to production) and fast depletion (some sources say production from shale wells typically falls 65% to 90% over the first year). As a result, this tight oil production capacity can come fast to the market in case of high oil prices and can leave the market soon in case of price drops. So, US oil production in tight oil regions is the key parameter to monitor to understand whether overall US oil production will grow or decline.




Source: EIA

US tight oil production by regions as of September 01, 2023 is the following: Anadarko 434 th. bpd, Appalachia 158 th. bpd, Bakken 1,210 th. bpd, Eagle Ford 1,109 th. bpd, Haynesville 36 th. bpd, Niobrara 669 th. bpd and Permian 5,799 th. bpd.

Below is the map with locations of key regions where US tight oil is extracted.



 Source: U.S. Energy Information Administration

**Notes**

To zoom a chart in press the left mouse button on the chart area and drag the cursor. To reset the zoom press the right mouse button on the chart area.

- bpd - barrels per day
- bbl - barrel, barrels
- th. - thousand, thousands
- mln. - million, millions
- YTD - year to date

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