

Crude & Brent Oil Fundamental Analysis - October 29, 2015 -

Forecast Crude Oil reversed earlier losses to add 44 cents today reaching 43.64 while Brent Oil gained 34 cents to 47.16. Traders are waiting for today's weekly inventory along with the Federal Reserve decision. The negative news from across the industry is a reflection of the poor pricing exhibited in the third quarter. Oil prices careened downwards this summer after jumping to \$60 per barrel in June, staying below \$50 per barrel for much of the third quarter. Oil prices sunk again over the past week on growing fears that the glut is not abating as quickly as once hoped. WTI dipped below \$44 per barrel on October 27, and Brent was down to \$47 per barrel. In a further sign of weakness, contango has returned to the oil markets, a phenomenon in which front month futures prices are much cheaper than longer-term contracts. The pricing quirk develops due to a glut of supplies today, with the expectation that markets will tighten at some point in the future. The contango for WTI is the largest since May 2015, widening after a rapid increase in crude storage levels. The EIA reported last week that crude inventories jumped by 8 million barrels, highlighting the ongoing glut in supply. WTI for December delivery is now discounted by 95 cents relative to January contracts, the widest discount in five months. A contango situation may sound like arcane financial jargon, but it is a persuasive signal of abundant short-term supply. Rising storage levels contributed to increased bearish sentiment in the oil markets. Speculators shorted oil at the highest rate since July, rising by 18 percent for the week

ending on October 20, according to new data from the U.S. Commodity Futures Trading Commission. “The decline in U.S. drilling and production is not enough to rebalance even the U.S. market, let alone the global market,” Citi Futures Perspective analyst Tim Evans told Bloomberg in an interview. “How much do you really want to pay for the next million barrels of inventory you don’t need?” FxEmpire provides in-depth analysis for each currency and commodity we review. Fundamental analysis is provided in three components. We provide a detailed **monthly** analysis and forecast at the beginning of each month. Then we provide more up to the data analysis and information in our **weekly** reports. **WEEKLY** This Week in Petroleum *Release Schedule*: Wednesday @ 1:00 p.m. EST (schedule) Gasoline and Diesel Fuel Update *Release Schedule*: Monday between 4:00 and 5:00 p.m. EST (schedule) Weekly Petroleum Status Report *Release Schedule*: The wpsrsummary.pdf, overview.pdf, and Tables 1-14 in CSV and XLS formats, are released to the Web site after 10:30 a.m. (Eastern Time) on Wednesday. **Source: Fxempire**