

## What's driving your energy prices?

### Bullish Factors

- In its closely watched monthly Oil Market Report, OPEC said it expects the growth in U.S. crude oil production to halve this year and that a "drop in production can be expected to follow, possibly by late 2015" amid a sharp decline in U.S. oil rig counts.
- The International Energy Agency (IEA) raised its global oil demand growth forecast for this year by 75,000 barrels per day to 1 million barrels per day amid signs of increasing economic activity in the world's biggest economy.
- Chinese oil imports were reportedly up 11% year-over-year in February amid strategic stockpiling on lower prices and steady refinery demand.

### Bearish Factors

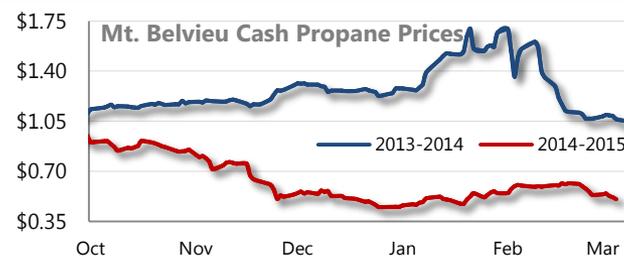
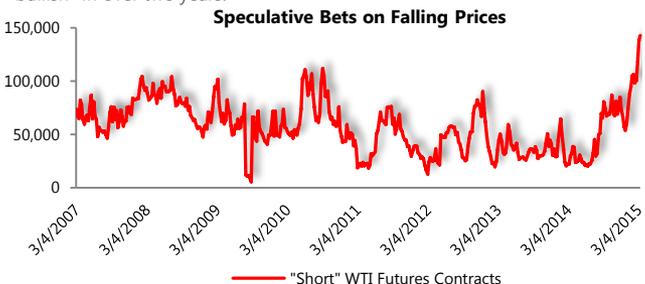
- U.S. distillate stocks, which include home heating oil, rose nearly 400,000 barrels last week, countering analysts' expectations for an 830,000 barrel draw.
- OPEC crude oil output rose 163,000 barrels per day (bpd) to 30.6 million bpd month-over-month in February, marking a ninth consecutive month where the group has pumped more than its 30 million bpd target.
- U.S. crude oil inventories surged higher last week, climbing another 9.6 million barrels to a record high 458.5 million barrels. Furthermore, U.S. crude oil production rose for a sixth straight week, up 50,000 barrels per day to 9.42 million barrels per day.

## Did you know?

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### Bets on Lower Prices Hit Record High

When it comes to commodities, the saying "don't try to catch a falling knife" implies you should avoid attempting to guess the bottom or you may very well get hurt. That seems to be the case with crude oil recently. Many thought a bottom had been reached as crude oil prices steadied above \$50 per barrel throughout February; however, prices have begun to fall again, and quite rapidly. Halfway through March, WTI crude oil futures are down nearly 18%, erasing all of their February gains. Speculators now appear unconvinced that a bottom to this near 8-month rout in crude oil prices is complete and have increased their *short position*, or bets that prices will fall, to a record 142,770 contracts, making them the "least bullish" in over two years.



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