

## What's driving your energy prices?

### Bullish Factors

- OPEC crude production fell by almost 0.08mb/d to average 32.19mb/d in February, according to secondary sources in the monthly OPEC report.
- OPEC and non-OPEC production compliance hit a new record high in February, reaching 138%, up from 133% in January.
- OPEC revised upward global oil demand growth for both 2017 and 2018, by 0.02mb/d to 1.62mb/d, and by 0.01mb/d to 1.60mb/d, respectively, compared with last month's assessment.
- IEA's 2018 global oil demand growth was also revised upward by 0.10mb/d to 1.50mb/d from last month's outlook.

### Bearish Factors

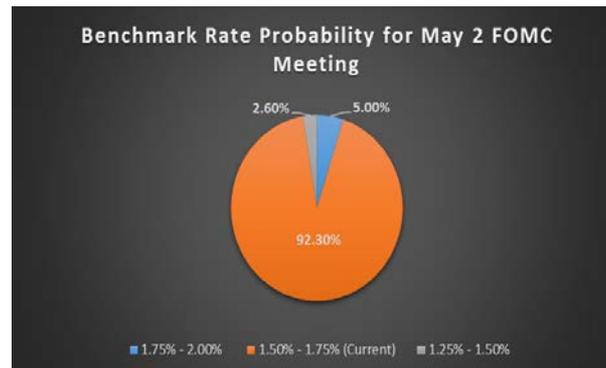
- The EIA reported a 5.02mb build in US commercial crude stocks, more than double the estimated size, for the week ended March 9. Stockpiles at the Cushing, OK storage hub saw the first build in eleven weeks.
- US oil production continues to increase, running at 10.38mb/d for the week ended March 9, up by about 1.27mb/d from the same time last year.
- The IEA expects 2018 non-OPEC supply growth to reach 1.8mb/d (led by US production), compared with a 0.76mb/d growth rate in 2017.
- OPEC also revised upward non-OPEC supply growth for 2018, by 0.28mb/d, to 1.66mb/d, almost double the 0.87mb/d growth rate forecasted in November.

## Did you know?

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### The First Interest Rate Increase in 2018

The Federal Open Market Committee started its two-day policy meeting on March 20 and decided to raise the target federal funds rate by 25 basis points, to the 1.50% – 1.75% range, as widely expected. This is the first rate hike for this year under the leadership of Jerome Powell, the new Chairman of the Federal Reserve, who promised continuity with a plan of gradual rate rises promoted by his predecessor, Janet Yellen. Interest rates are expected to increase four times in 2018, compared with expectations for three rate hikes in previous forecasts, due to increasing inflationary pressures. Rate hikes often lead to appreciation of the US dollar, which is negatively correlated with dollar-denominated commodity prices.



Data: CME FedWatch Tool

