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Michael Blaise posted 3 hours ago

commodity-prices

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Oil Price Slammed Another 4%, WTI Could Be Under \$25 Next Week With Cushing Tanks Nearly Full

Oil is getting hammered again this morning. WTI fell as much as 4% in early trading Thursday, hitting an intra-day low of \$26.22/barrel.

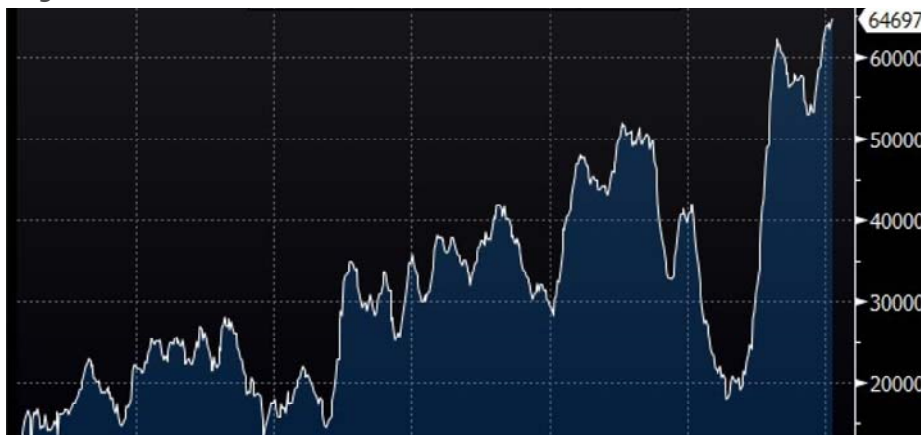
Intraday Chart: WTI Price



source: bloomberg

This morning, traders continue to digest the glut confirmation in yesterday's EIA report. The weekly inventory report showed Cushing stocks at a new record 64.7mmbbls after another build of 523,000 last week. Cushing's capacity is 73mmbbls. Getting too close for comfort.

Cushing Stocks '000 barrels



ABOUT THE AUTHOR

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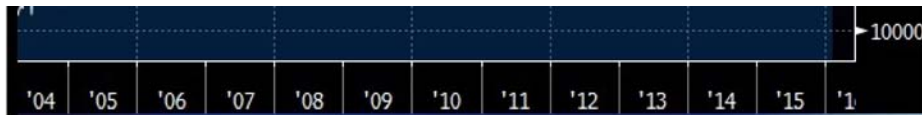
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source: bloomberg

The Cushing concerns have brought back the Brent/WTI spread, which had narrowed following the recent lift of the US export ban. Brent is currently trading almost \$4 higher than WTI, as storage nearing capacity in the US is creating the discount in US benchmark prices.

Also weighing on oil this morning is the [risk-off selling](#) across the global markets. Stocks are tumbling and gold is surging as investors question central banks' ability to stave off a global recession. European stocks fell to their lowest level since 2013 today and Fed Reserve Chair Janet Yellen's interest rate comments are being viewed with skepticism. The global sell-off is weighing on all risk assets, oil included today.

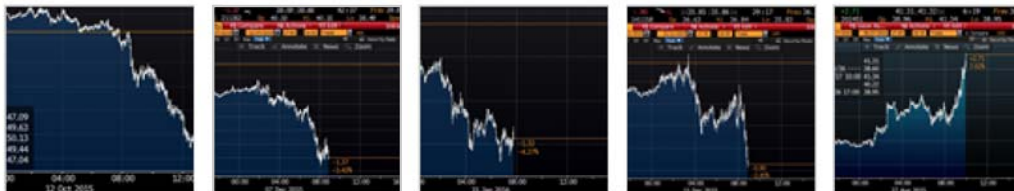
Year To Date Chart: WTI Price



source: bloomberg

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Jeffrey Brown · 3h ago · Reply · Like · 1

Running out of places to store condensate. US net imports of crude oil are increasing, as are net total liquids imports.

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Four week running average data showed that US net crude oil imports for the last four weeks of December increased from 6.9 million bpd in 2014 to 7.3 million bpd in 2015. Why would US refiners continue to import large—and increasing—volumes of actual crude oil, if they didn't have to, even as we saw a huge build in US Crude + Condensate (C+C) inventories? And again, what the EIA calls "Crude oil" is actually C+C.

The most recent four week running average EIA data show US net crude oil imports remained at 7.3 million bpd, with net total liquids imports at 5.5 million bpd, up 17% from the 2015 average annual value of 4.7 million bpd.



William Edwards · 3h ago · Reply · Like

Futures, including futures spreads, fluctuate. Journalists legitimize and validate these random fluctuations.



Randall Cason · 16m ago · Reply · Like

In the areas we're familiar with in Texas, Oklahoma & NM, leases have been substantially chocked back along with very little new production coming on line, I have a hard time understanding why there is a crunch in storage capacity.



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