

OIL & GAS MARKET WRAP

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Glut jitters hit crude oil prices

Persistent oversupply concerns knocked crude oil prices and industry shares on Monday.

The price of a barrel of Brent crude tumbled by 1.8% to US\$44.86, back below the US\$45 mark. US light crude fell 2% to US\$43.31 a barrel.

Shares in majors took a hit, with BP plc (LON:BP.) down 12.35p, or 2.73%, to 439.75p, while Royal Dutch Shell Plc's (LON:RDSB) B stock dropped 59p, or 2.75%, to 2089p.

FXTM Research analyst Lukman Otunuga said: "Oil has been fundamentally bearish for an extended period and could be poised to decline lower when the awful mix of both supply and demand fears encourages bears to install a heavy round of selling.

"Sentiment is clearly turning bearish towards West Texas Intermediate and the appreciating dollar could ensure prices trade lower towards US\$40.

"A decisive breakdown and daily close below US\$44 could encourage sellers to drag prices lower towards US\$40."

Mike van Dulken at Accendo Markets highlighted the Baker Hughes rig count, which posted a sharp increase of 14 operational rigs last week.

He said: "Markets remain concerned by a continued glut of gasoline and other refined products."

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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MarketTopic Synopsis:

The Oil and Gas wrap provides the latest oil prices from commodity exchanges in New York and London, gives a summary of the main corporate and macroeconomic news impacting the price of oil, a barometer of the strength of global economy.

Author:

Philip Waller

+44(0)1202770386

action@proactiveinvestors.com