# CBiBank: Oil Prices Facing Weekly Drop Amid Economic Concerns in US and China

UNITED STATES, December 5, 2023 /EINPresswire.com/ -- CBiBank Research Department is a research institution under CBiBank and is updating our CBiBank's research reports on major platforms(https://steemit.com/@cbibankrd). Last week, CBiBank Research Department released a research report on oil prices, noting that despite the slowdown in demand in the United States and China causing a weekly decline in oil prices, WTI prices still climbed to $77.

Oil prices have continued their downward slide at the start of the week, marking the third consecutive weekly decline after a loss of over 4% last week. The diminishing demand in both the United States and China has added to this declining trend, even after a nearly 2% rise on Friday, driven by Iraq's backing of OPEC+ oil cuts, which failed to offset earlier losses. Alarming Chinese economic data indicating a potential slowdown in economic recovery, alongside a return to deflation, underscores ongoing weak demand. Notably, China has petitioned for reduced oil supply from Saudi Arabia for December. Additionally, the US Energy Information Administration (IEA) anticipates a probable drop in per capita US gasoline consumption to its lowest level in two decades. On the supply side, US energy firms have reduced the number of oil rigs for the second consecutive week, reaching lows not seen since January 2020. The upcoming OPEC+ meeting on November 26th is of growing importance, with expectations mounting that Saudi Arabia and Russia may choose to extend voluntary supply cuts into the following year if downward pressure on oil prices persists.

Amid economic apprehensions and unfavorable indicators, West Texas Intermediate (WTI) saw a steady climb on Friday, breaching the $77 per barrel mark with a 1.9% gain. However, concerns regarding declining demand and increasing supply continue to prompt a sustained retreat in crude prices. Royal Bank of Canada analysts have suggested that the futures market seems oversold, hinting at short-term asymmetric upside for crude prices. These mounting apprehensions about slowing demand could dampen hopes for any significant relief rally in the near future. Over the past three weeks, WTI has plummeted by roughly 13%, including a 4.2% dip this week, driven by discouraging consumption signals from China, the US, and Europe. This downturn contrasts sharply with late September's earlier projections by OPEC, which foresaw a historic decline in inventories amid record fuel demand and Saudi supply cuts. Attention has now shifted to a refining downturn in China and persistent high interest rates in the US, with diesel's impact emerging as a drag on oil, leading to a decline of about 6.2% in US futures this week. Similar softness is evident in Europe, as declines in industrial and economic activity in Germany, France, and Spain are contributing to a more pronounced retreat in fuel consumption.

WTI's prompt spread veered to a bearish contango structure at various points on Thursday and Friday, coinciding with record American production and an upswing in stockpiles at the nation's top storage hub from critically low levels.

Cecilia XU
CB INTERNATIONAL BANK LLC
email us here

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