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News, Views & Statistics
Loss of Venezuelan oil exports won't leave huge gap in global market

There is ample spare capacity in other oil producers and strategic reserves to compensate for a loss of Venezuela's crude exports, helping explain the tepid reaction of global oil prices to U.S. sanctions announced a week ago. Venezuela exports around 1 million barrels of oil per day, about 1 percent of global production, of which half heads to the United States. Many U.S. refineries are designed to run heavier, sour grades of crude, a good portion of which comes from Venezuela. Top oil exporter Saudi Arabia could replace this volume from spare capacity of about 1.8 million bpd, and other members of the Organization of the Petroleum Exporting Countries such as the United Arab Emirates and Kuwait are also able to pump more after an OPEC-led supply cut began in January. Venezuela is one of the founding OPEC members and was once a top three producer but production has been in decline for years following the collapse of the country's economy. Together with Libya and Iran, it is exempt from the latest OPEC-led supply cut. That earlier decline makes the potential loss of Venezuelan exports less significant. Brent crude, the global benchmark, was trading below \$63 a barrel on Tuesday compared to \$61 on Jan. 29, the day after the United States imposed sanctions on Venezuelan state oil firm PDVSA. "Cutting out Venezuela from the global oil markets would provide a short term positive strength to oil prices, but its significance would be limited," said Mihir Kapadia, chief executive of Sun Global Investments. "The U.S. would look elsewhere for oil imports, and refiners will adapt to it." In contrast, a 2002-2003 strike against former President Hugo Chavez's government cut supplies and boosted prices to then outrageous levels above \$30 a barrel, prompting Saudi Arabia to step in to avert a supply shortage. In addition to other producers being able to pump more oil, the United States holds about 650 million barrels of crude in its Strategic Petroleum Reserve, which oil executives expect President Donald Trump would tap if prices spiked. Two-thirds of the total volume in the SPR is sour crude. "The market reaction is quite subdued,"

Crude palm oil futures trade higher on strong demand

Crude palm oil futures traded higher on MCX as speculators widened their positions amid strong demand at the spot market. Further, tight stocks position on restricted supplies from major producing regions also supported crude palm oil futures. The contract for February delivery was trading at Rs 568.60, up by 0.34% or Rs 1.90 from its previous closing of Rs 566.70. The open interest of the contract stood at 5436 lots. The contract for March delivery was trading at Rs 579.00, up by 0.68% or Rs 3.90 from its previous closing of Rs 575.10. The open interest of the contract stood at 2252 lots on MCX.

COMMODITY	CLOSE	S2	S1	PIVOT	R1	R2	TREND
SILVER	40379	40129	40254	40485	40610	40841	Up
GOLD	33201	32876	33038	33244	33406	33612	Up
CRUDE OIL	3861	3767	3814	3892	3939	4017	Up
COPPER	446.65	442.80	444.70	446.10	448.00	449.40	Down
NATURAL GAS	191.70	187.80	189.80	192.20	194.20	196.60	Down
JEERA	15685	15535	15610	15710	15785	15885	Down
TURMERIC	6340	6284	6312	6358	6386	6432	Down
SOYBEAN	3810	3772	3791	3819	3838	3866	Up
RM SEED	3998	3979	3989	4000	4010	4021	Up
GUAR SEED	4230	4187	4209	4251	4273	4315	Up

International Markets

COMMODITY	CLOSE	% CHANGE
LONDON SPOT GOLD	\$1314.50	-0.23
LONDON SPOT SILVER	\$15.83	-0.19
NYMEX CRUDE OIL	\$53.86	-1.79
NYMEX NATURAL GAS	\$2.670	+0.30

Economic Data

Data	Previous	Forecast	Time
Crude Oil Inv.	0.9M	1.3M	9:00pm

RECOMMENDATIONS

CRUDE OIL

CRUDE OIL FEB: SELL AT 3885-3890 TP-3827 SL ABOVE 3927.



Crude oil ended the day in a very bearish candlestick after struggling around weekly highs for a couple of days. Sell on intraday rise.

GUARSEED

GUARSEED FEB: SELL AT 4248-4250 TP-4201/4161 SL ABOVE 4285.



Guarseed broke below critical support yesterday and moved to next phase of bearish trend where the selling pressure is likely to get more intense.

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