



With Brent expected to trade in a USD 80–90/bbl range this year, CIO continues to advise investors with a high risk-tolerance to sell Brent's downside price risks or to add exposure to longer-dated Brent oil contracts. (UBS)

# Crude oil: The return of financial investors

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**The latest “Commitment of Trader” data shows that non-commercial accounts have slightly reduced week-over-week their net-holdings in crude oil futures and options in the week ending on 12 March. Since that date, the price of Brent crude oil has increased by more than 5%.**

There has been a substantial increase in open interest (the sum of long and short positions) in Brent, reaching the highest level since November 2021. The increase in the US oil benchmark WTI has been more moderate. We think Brent saw an increase in long positions, while the additions of long together with a reduction in short positions in WTI might have limited the increase in open interest.

We believe several factors have supported the return of financial investors' interest in crude oil. Oil demand data so far in 2024 has surprised on the positive side. The International Energy Agency increased its 1Q24 demand growth by 270kbpd to 1.7mbpd y/y last week. As a result, oil inventories did not increase as much this year as many market participants had thought, but moved sideways to lower. Also, the extension of the voluntary OPEC+ production cuts for another three months is likely to keep the oil market undersupplied in 2Q24. With Brent expected to trade in a USD 80–90/bbl range this year, we continue to advise investors with a high risk-tolerance to sell Brent's downside price risks or to add exposure to longer-dated Brent oil contracts.

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