

### Forecast

Day	Flat
Week	Flat
Month	Down
1 Year +	Up

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### Expect \$66-75 / barrel band on a monthly perspective as geopolitics supports While economics discourages the oil.

- Oil prices refrain from rising as Trump is close to taking the presidency.
- This is mostly because oil bulls are nervous as they associate Trump period with elevated oil production coincided with Covid which caused oil prices to print negative values in futures exchanges.
- Due to the risk of countries facing recession in the current economic process, governments are endeavoring to support economies with monetary and fiscal policies. E.g. China, EU, USA.
- When the risk of economic stagnation comes together with the fear of Trump, a situation similar to the Covid period emerges. For this reason, oil rises cannot go beyond being attacks that end in a short time.
- In order to answer the question of what happens next, it is useful to look at the attitudes and behaviors of speculators and oil producers.
- The fact that the net positions of speculators and hedging positions of producers fluctuate together reveals that no one segment has a strong claim on oil. (Chart 1, second and third panels - orange and green lines, respectively).
- In the second and third panels of Chart 2, the stochastic indicators of the oil price and speculator positions, shown by the orange and green lines respectively, point to a neutral state.
- It seems that the oil market will be guided by the financial, economic, and geo-strategic policies to be implemented when Trump comes to power. For this reason, the low volatility in oil over the next month may continue for a while.

**Conclusion:** It can be expected that the daily changes in oil prices will be around the averages of the last 30 days - about 25 percent on an annual scale and about 7.21 percent on a one-month periodic scale.

Considering that the oil price is 71 USD/barrel, the expected fluctuation band in the next month may be 66 - 75 USD. Due to the strong Dollar, economies in recession, and the upcoming ceasefire situations (hopefully), it may be considered as a more logical strategy to sell oil short on rises.

Chart #1

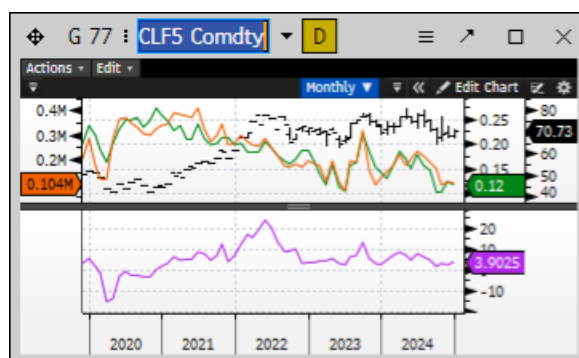


Chart #2

