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Flash Note
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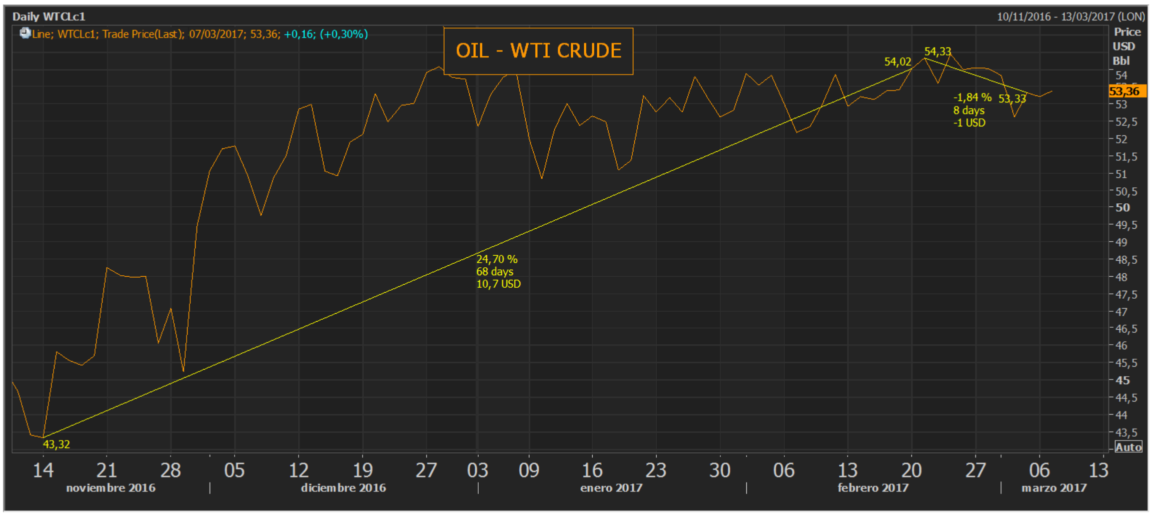
Interesting shifts in the oil market

Hedge funds have trimmed their bullish position in crude oil by the largest amount since OPEC announced its output cut in November. They cut their combined net long position by 61M barrels in the week to 28-Feb (causing a near 2% decline in oil price).
The move comes after fund managers doubled their net long position from 425M to 951M barrels in the period that goes from 8-Nov to 21-Feb (a move that prompted a 25% rally in the oil price).
Even after the reduction in HF's oil exposure, the overall long position is still the third-highest ever, suggesting that, in absence of new triggers, there is little room for further speculative purchases.
If true, the base effect of the oil price rally will dissipate in June-July (which a prior should calm the animal spirits, and who knows whether the reflation trade too).



Regards,

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