

Flash Note
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**Oil (West Texas) is already at USD47.4.
Outlook**

Oil (West Texas) is already at USD47.4 pbl and continues to point to our thesis of cheap crude in a structural way. Buy at 30, Sell above 50.

As always, let me synthesize some of the latest relevant information in the sector, useful for the configuration/consolidation of our vision in this asset:

1. Gulf of Mexico is hitting new output highs: While attention is largely focused on the rise of shale in t'he US, the Gulf of Mexico has quietly become one of the top crude-producing regions, hitting a record 1.76M bpd in output in January, trailing only Texas onshore production. Forward looking, output in t'he Gulf is expected to add an additional 190K bpd capacity by the end of the year and rise by 300K bpd over current levels by the end of 2018. It adds that the region has been fairly resistant to price fluctuations as output growth has been fueled by projects.

2. Largest oil companies are trying to replicate the US fracking boom in the Vaca Muerta region of western Argentina. Helped by a country with a business-friendly government that is actively working to encourage drilling, it seems as if the US shale boom may become global. Hurdles still remain and costs are significantly higher than in the US, but big oil firms are pushing ahead with investments in Argentina that could exceed \$10B in the coming decades.

Just hope it helps.

Regards from Valencia,

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