

Quick Start to NYMEX WTI Crude Oil Futures








4 Steps To Start Trading Nymex WTI Crude Oil Futures

- Glossary:**
- API** = American Petroleum Institute
 - EIA** = Energy Information Administration
 - NYMEX** = New York Mercantile Exchange
 - OPEC** = Organisation of the Petroleum Exporting Countries
 - TICK** = Minimum Movement in Points
 - WTI** = West Texas Intermediate

Crude oil, which form the underlying instrument for the trading of crude oil futures, is dominated by three major oil markets, namely WTI Crude, Brent Crude and Dubai Crude.

- WTI Crude**
- extracted from oil fields in America such as Texas, Louisiana and North Dakota
- Brent Crude**
- extracted from the North Sea
- Dubai Crude**
- extracted from Dubai/Middle East

The top crude oil producing countries are as follows:

Country	Million Barrel Per Day	Share Of World Total
 United States	19.51	19%
 Saudi Arabia	11.81	12%
 Russia	11.49	11%
 Canada	5.50	5%
 China	4.89	5%

Source: US Energy Information Administration (Based on volumes in 2019)

NYMEX WTI Crude Oil Futures contracts are traded based on price movements on the physical crude oil prices. To know more on NYMEX WTI Crude Oil Futures prices and trends, please refer to: <https://bit.ly/3dBmdjz>



STEP 1 Know The Key Factors That Move Markets:



- Being a valuable commodity, the price movement of crude oil is one of the most sensitive and closely watched by the financial markets. In general, crude oil prices tend to react based on the factors including:
- EIA & API Weekly Report on U.S. crude inventories level
 - Meeting outcomes from OPEC
 - Import or Export Policy Changes
 - Economic growth numbers from major economies, such as GDP growths, contractions in major economies such as China, United States and European Union
- For more on factors driving WTI Crude Oil Futures visit: <https://bit.ly/2H6Kfqs>



STEP 2

Know The Trading Strategies For WTI Crude Oil Futures

(a) What are the basic “Bullish” or “Bearish” strategies?

Example:

Bullish View

Note: For WTI Crude Oil Futures, 1 tick = 0.01 (USD10)



If you expect an upward WTI Crude Oil Futures price movements, the strategy is to **Buy First** and **Sell Later**.

Trade Position:

Open Position

Buy 1 WTI Crude Oil contract @ 41.00

Close Position

Sell 1 WTI Crude Oil contract @ 41.30

Price Movement:

41.30 – 41.00 = 0.30

0.30 divided by 0.01 = 30 ticks

Trade

Summary:

Number of contracts	x	Price Movement	x	Price Per Tick
1	x	30	x	USD 10
= USD 300 (gross profit)				

Trade Position:

Open Position

Sell 1 WTI Crude Oil contract @ 41.00

Close Position

Buy 1 WTI Crude Oil contract @ 40.50

Price Movement:

41.00 – 40.50 = 0.50

0.50 divided by 0.01 = 50 ticks

Trade

Summary:

Number of contracts	x	Price Movement	x	Price Per Tick
1	x	50	x	USD 10
= USD 500 (gross profit)				

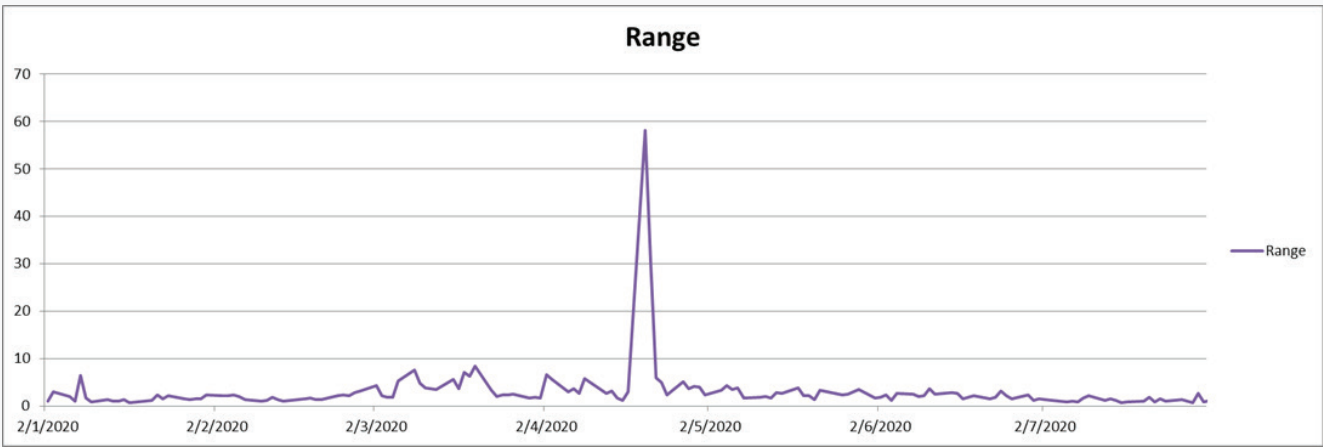


Bearish View

If you expect a downward WTI Crude Oil Futures price movement the strategy is to **Sell First** and **Buy Later**.

(b) Trading Range

On average, the daily trading range for NYMEX WTI Crude Oil since January – July 2020 is approximately between 1.5 – 3.0 points. Prior to trading, it is prudent to be kept abreast on the latest news and developments together with fundamental and technical analysis knowledge. Having a trading view and using technical analysis to identify past market patterns may help in your trading decisions.



Source: Bloomberg

Access to the latest technical and daily research reports from Kenanga Futures at <https://bit.ly/3iW8pBc>

Once you are ready to trade, just access and trade NYMEX WTI Crude Oil via KDF TradeActive™.



STEP 3

Plan & Learn



Have a Trading Plan and identify the best entry and exit strategies



Understand the physical market and factors that can move prices



Know where to access and trade the NYMEX WTI Crude Oil Futures contract through Kenanga Futures website where you can access Daily Research, Market Report and Educational links.

For information on the features of NYMEX WTI Crude Oil Futures, please refer to:

<https://bit.ly/2lwqadT>

Contact us to learn more on how you can trade NYMEX WTI Crude Oil Futures with Kenanga Futures:



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STEP 4 Contact Us



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