

Continental Resources, Inc.

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State of global economy still weighing on minds of oil traders and players

The state of the global economy continues to be uppermost in the minds of investors and energy players this month.

Any further news of an impending downturn or hint of disappointing trade figures is spooking traders and in Friday trading, Brent crude was priced close to US\$59 with WTI (West Texas Intermediate) above US\$55 a barrel.

Slower economic data from China reconfirmed gloomy economic concerns in the market as industrial output as well as consumer spending fell.

Greater contagion

With one of the world's biggest consumers slowing down, the big fear will be greater contagion around the globe and a fall-off in demand for oil. Analysts were not expecting such poor economic data for the second quarter from China.

The oil market reacted positively, up about 4% when the US President Donald Trump said he would delay imposing tariffs on Chinese goods, leaving time for more negotiations.

President Trump had intended an additional 10% on specific Chinese imports by the first of September.

A statement from the Chinese commerce ministry said the two sides had agreed to hold talks in coming weeks. President Donald Trump said the Chinese "very much want to make a deal," adding that the tariffs have bitten into the Chinese economy but have not damaged the US Economy.

Retail sales figures

Retail sales figures in the US presented a sense of balance with strong figures for July.

"The economy is incredible," according to President Trump. Earlier in the week, the shift in direction of the US Treasury yield curve had investors running scared of a recession.

The yield curve is an indicator of economic health with this being the first time it's shifted to the downside since the last period of serious economic gloom in 2007.

The equity market has been on the way down and there's little positive news on the horizon, but Gareth Nicholson from the Bank of Singapore, speaking on CNBC this week said we're not at "panic stage" yet.

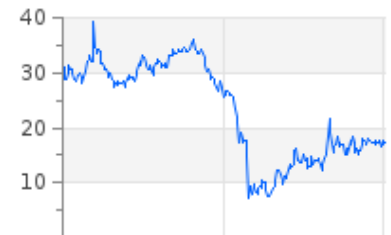
He urged caution adding: "There's been a lot of inversion curves that have been false signals."

A leading American shale producer confirmed sentiment that the global oil market is oversupplied and suggested that US producers should hold back, saying they need to make sure they "don't oversupply the market."

Price: 18.49

Market Cap: \$6.75 billion

1 Year Share Price Graph



August 2019 February 2020 August 2020

Share Information

Code: CLR

Listing: NYSE

52 week	High	Low
	40.23	6.9

Sector: Oil & Gas

Website: www.contres.com

Company Synopsis:

Continental Resources is a crude-oil concentrated, independent oil and natural gas exploration and production company with operations primarily in the Rocky Mountain and Mid-Continent regions of the United States.

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Impacting demand

The CEO of Continental Resources, Harold Hamm said that geopolitics and the ongoing trade war was impacting oil market demand.

He also said he expected to see further cuts from OPEC and friends. The Baker Hughes rig-count data indicates a cutback, currently at 909 rigs. Oil inventories in the US rose again this week.

Despite the oil price summer struggle of higher inventories and slowing demand, the oil price is up around 10% since the beginning of the year.

Talk of further OPEC cuts will dominate conference season as it returns in full swing in a couple of weeks.

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