

Fundamentals:

Oil prices settled lower in volatile trading on Friday, with both benchmarks recording their biggest weekly declines in months, as growing recession fears negated any supply worries after weak economic data from China, Europe and the United States.

U.S. West Texas Intermediate crude settled 44 cents lower at \$71.02 a barrel, a new low for 2022. Brent crude settled 5 cents lower at \$76.10 per barrel.

Oil prices had found some support and risen more than 1% earlier in the session after Russian President Vladimir Putin said the world's biggest energy exporter could cut output in response to a price cap on its crude oil exports.

However, a slightly higher-than-expected rise in U.S. producer prices in November, and news of a partial restart on the Keystone Pipeline undid those gains and pushed the benchmarks more than a dollar lower. Keystone shut earlier this week after a 14,000 barrel oil leak in Kansas.

The U.S. producer prices index (PPI) rose slightly more than expected in November amid a jump in the costs of services, according to a report from the U.S. Labor Department.

Both crude benchmarks posted weekly losses of around 10% each. It was the biggest weekly decline since April for the U.S. WTI futures, and since early August for Brent.

The market structure for WTI contracts switched to trade in contango over the next year for the first time since Nov. 2020, with contracts for near-term delivery cheaper than one year later. Brent contracts have also switched to trade in contango over the next six months.

A market in contango suggests less worry about the current supply situation due to weakened demand, and encourages traders to put barrels in storage.

In China, surging COVID-19 infections will likely depress economic growth in the next few months despite some restrictions being eased, economists said.

Economists polled by Reuters forecast the U.S. economy will hit a short and shallow recession in the coming year. Forecasters expect the U.S. Federal Reserve to raise rates by 50 basis points (bps) on Dec. 14.

The European Central Bank will also likely lift its deposit rate by 50 bps next week to 2%, even as the euro zone economy is believed to already be in recession.

US natural gas futures surged for a third straight day, climbing above the \$6 mark, as increasingly cold weather forecasts signal stronger-than-normal demand for heating.

Gas for January delivery settled up 4.8% at \$6.245/mmbtu in New York. Front-month contract ended the week with a 0.6% loss.

Below-usual temperatures are now expected across much of the western and southern US in the five-day period starting Dec. 14.

European natural gas prices gained for a fourth week as freezing temperatures cover the region.

Sub-zero temperatures expected to remain in northwest Europe through at least another week, pushing up heating demand. In Britain, forecast gas demand is at the highest level since February 2021, according to National Grid data, while in Germany, the network regulator warned that homes and companies need to save much more gas to avoid shortages.

Europe's storage facilities are about 90% full, higher than usual for this time of year, but focus is on how quickly the buffer will be used throughout the winter. The amount of fuel entering European networks from liquefied natural gas terminals is at a record high as tankers held at sea for weeks as new discharging into the region.

Forecaster Maxar Technologies Inc. sees the below-average temperatures spreading, with unseasonably cold weather expected across the north and into continental Europe next week.

(Source: Reuters, Bloomberg)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil JAN 23	71.02	-0.01	72.92	70.08
Natural Gas JAN 23	6.245	0.351	6.391	5.794
RB Gasoline JAN 23	205.61	1.17	208.01	203.37
Heating Oil JAN 23	279.37	-7.23	289.80	276.72
Brent Fin Last Day FEB 23	76.58	0.43	77.47	75.11
US Dollar Index	104.97	0.191	105.136	104.483

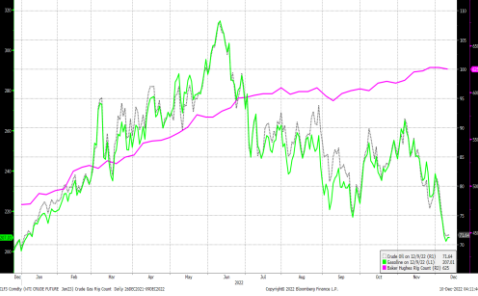
Bloomberg Survey on U.S. Total Change in Inventories

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventory
02/12/2022	5186	-3418	5319	2474	12200	413898
25/11/2022	-12581	-3123	2770	2250	12100	419084
18/11/2022	-3690	-2614	3058	1150	12100	431665
11/11/2022	-5400	-1900	2207	200	12100	435355
04/11/2022	3925	250	-900	-1450	12100	440755
28/10/2022	-3115	-200	-1257	-1000	11900	436830
21/10/2022	2588	1500	-1478	-1500	12000	439945
14/10/2022	-114	2500	-114	-2000	12000	437357
07/10/2022	9879	1000	2022	-2000	11900	439082
30/09/2022	-1356	1800	-4728	-1100	12000	426203
23/09/2022	-215	2000	-2422	500	12000	430559
16/09/2022	1141	2200	1570	-450	12100	430774

Fundamental Data:

Event	Period	Avg Survey	Actual	Prior
12/10/2022 02:00	Baker Hughes U.S. Rig Count	Dec-09	--	780
12/10/2022 02:00	Baker Hughes U.S. Rotary Gas Rigs	Dec-09	--	153
12/10/2022 02:00	Baker Hughes U.S. Rotary Oil Rigs	Dec-09	629	625
12/14/2022 23:30	DOE U.S. Crude Oil Inventories	Dec-09	--	-5186k
12/14/2022 23:30	DOE Cushing OK Crude Inventory	Dec-09	--	-373k
12/14/2022 23:30	DOE U.S. Gasoline Inventories	Dec-09	--	5319k
12/14/2022 23:30	DOE U.S. Distillate Inventory	Dec-09	--	6159k
12/14/2022 23:30	DOE U.S. Refinery Utilization	Dec-09	--	0.30%
12/14/2022 23:30	DOE Crude Oil Implied Demand	Dec-09	--	18953
12/14/2022 23:30	DOE Gasoline Implied Demand	Dec-09	--	9370
12/14/2022 23:30	DOE Distillate Implied Demand	Dec-09	--	4824.1
12/15/2022 23:30	EIA Natural Gas Storage Change	Dec-09	--	-21
12/15/2022 23:30	EIA Working Natural Gas Implied Flow	Dec-09	--	-21
12/17/2022 02:00	Baker Hughes U.S. Rig Count	Dec-16	--	780
12/17/2022 02:00	Baker Hughes U.S. Rotary Gas Rigs	Dec-16	--	153
12/17/2022 02:00	Baker Hughes U.S. Rotary Oil Rigs	Dec-16	--	625

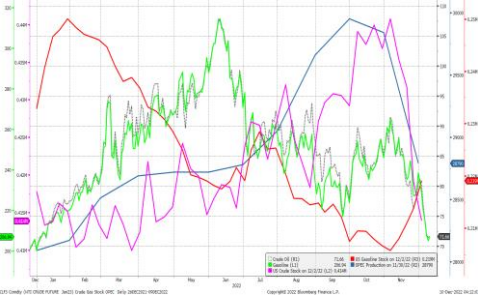
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



Normalized RBOB Gasoline minus Nymex Crude Oil Price



Total OPEC Crude Oil Production vs Nymex Crude Oil & Gasoline Price & Inventory



WTI-Brent Spread



Source: Bloomberg

Nymex Crude Daily Chart



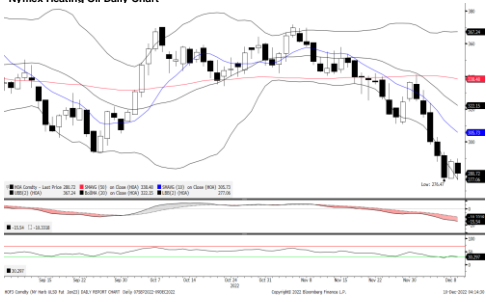
Nymex RBOB Gasoline Daily Chart



Nymex Natural Gas Daily Chart



Nymex Heating Oil Daily Chart



Nymex Brent Last Day Daily Chart



Technical Analysis

Crude Oil

1st Resistance:	72.09	2nd Resistance:	73.15
1st Support:	69.95	2nd Support:	68.89
MACD:	-3.159		
MACD DIFF:	-0.863		
RSI:	30.713		

Heating Oil

1st Resistance:	283.56	2nd Resistance:	287.75
1st Support:	275.18	2nd Support:	270.99
MACD:	-15.538		
MACD DIFF:	-5.206		
RSI:	30.307		

Natural Gas

1st Resistance:	6.339	2nd Resistance:	6.432
1st Support:	6.151	2nd Support:	6.058
MACD:	-0.213		
MACD DIFF:	-0.101		
RSI:	47.047		

Gasoline

1st Resistance:	208.69	2nd Resistance:	211.78
1st Support:	202.53	2nd Support:	199.44
MACD:	-9.634		
MACD DIFF:	-3.326		
RSI:	30.353		

Brent Fin Last Day

1st Resistance:	77.73	2nd Resistance:	78.88
1st Support:	75.43	2nd Support:	74.28
MACD:	-3.357		
MACD DIFF:	-1.115		
RSI:	28.168		

Strategy

	Long	Profit target:	Stop-loss:	Long	Profit target:	Stop-loss:	Short: Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Crude Oil	69.95	70.65	69.60	68.89	69.58	68.54	72.09	71.36	72.45	73.15	73.52
Natural Gas	6.151	6.213	6.121	6.058	6.118	6.027	6.339	6.275	6.370	6.432	6.465
Gasoline	202.53	204.55	201.51	199.44	201.44	198.44	208.69	206.61	209.74	211.78	212.84
Heating Oil	275.18	277.93	273.80	270.99	273.70	269.63	283.56	280.72	284.98	287.75	289.19
Brent Fin Last Day	75.43	76.19	75.05	74.28	75.03	73.91	77.73	76.95	78.12	78.88	79.27

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