

Fundamentals:

Oil prices dipped on Wednesday as traders weighed concerns over a surge in COVID-19 cases in China, the world's top oil importer, against the chances easing pandemic restrictions in the country will boost fuel demand.

China said it will stop requiring inbound travellers to go into quarantine from Jan. 8, a major step towards relaxing stringent curbs on its borders. However, Chinese hospitals have been under intense pressure due to a surge in COVID-19 infections.

Oil markets were also buffeted by expectations of another interest rate hike in the United States, as the U.S. Federal Reserve tries to limit price rises in a tight labor market.

Market participants noted that trading volumes this week are expected to be lighter-than-usual as the end of the year approaches, creating more volatility in oil prices.

Wednesday's declines also follow three straight sessions of higher settlements on both crude benchmarks. Prices were at their highest in three weeks on Tuesday, as a cold snap across the U.S. forced shutdowns at major production sites and refineries at the weekend.

A strong rebound seen over the last few weeks and that's being pared a little today but the narrative remains unchanged.

Next year brings immense uncertainty and plenty of potential upside risk for prices from the China reopening to lower Russian output and further OPEC+ cuts.

Russia said it aims to ban oil sales from Feb. 1 to countries that abide by a G7 price cap imposed on Dec. 5, although details of how the ban would work were unclear.

U.S. crude oil stocks were estimated to have fallen 1.6 million barrels last week with distillate inventories also seen down, a preliminary Reuters poll showed on Tuesday.

Natural gas prices finish at their lowest since March 15, down 10.8% at \$4.709/mmBtu in a market keyed in on a warming pattern that could hurt demand, and a storage situation that's looking much less worrisome than it did just a few months ago.

While a strong blast of cold air and snow over the weekend provided a temporary jolt to gas demand, it's likely to be more than offset by a more extended warming pattern into mid January that will make the weather feel more like spring in many regions. Meanwhile, total inventories are now at a small surplus compared to the five-year average, adding another bearish layer to the market.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil FEB 23	78.96	-0.76	79.92	77.30
Natural Gas JAN 23	4.709	-0.573	5.183	4.588
RB Gasoline JAN 23	236.29	-1.20	237.31	229.67
Heating Oil JAN 23	337.78	0.76	339.37	322.70
Brent Fin Last Day MAR 23	83.79	-0.89	85.09	82.51
US Dollar Index	104.48	0.297	104.489	103.846

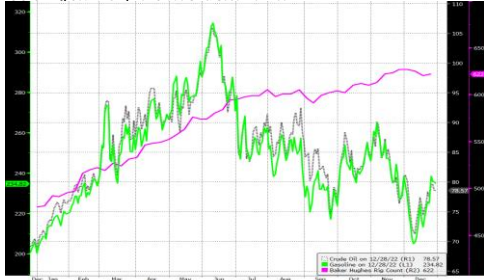
Bloomberg Survey on U.S. Total Change in Inventories

Date	Crude Oil		Gasoline		Crude Oil Inventory	
	Actual	Survey	Actual	Survey	Production	Inventory
12/12/2022	-5895	2500	2530	2000	12100	418234
09/12/2022	10231	-3500	4496	2500	12100	424129
02/12/2022	-5186	-3418	5319	2474	12200	413898
25/11/2022	-12681	-3123	2770	2250	12100	419084
18/11/2022	-3690	-2614	3058	1150	12100	431665
11/11/2022	-5400	-1900	2207	200	12100	435365
04/11/2022	3925	250	900	-1450	12100	440755
28/10/2022	-1257	-200	-1257	-1000	11900	436930
21/10/2022	2588	1500	-1478	-1500	12000	439945
14/10/2022	-1725	2500	-114	-2000	12000	437357
07/10/2022	9879	1000	2022	-2000	11900	439062
30/09/2022	-1356	1800	-4728	-1100	12000	429203

Fundamental Data:

Event	Period	Avg Survey	Actual	Prior	
12/21/2022 23:30	DOE U.S. Crude Oil Inventories	Dec-16	2500k	-5895k	10231k
12/21/2022 23:30	DOE Cushing OK Crude Inventory	Dec-16	--	853k	426k
12/21/2022 23:30	DOE U.S. Gasoline Inventories	Dec-16	2000k	2530k	4496k
12/21/2022 23:30	DOE U.S. Distillate Inventory	Dec-16	1500k	--	-242k
12/21/2022 23:30	DOE U.S. Refinery Utilization	Dec-16	0.00%	-1.30%	-3.30%
12/21/2022 23:30	DOE Crude Oil Implied Demand	Dec-16	--	18761	17505
12/21/2022 23:30	DOE Gasoline Implied Demand	Dec-16	--	9600.7	9457.9
12/21/2022 23:30	DOE Distillate Implied Demand	Dec-16	--	5324.6	5250.1
12/22/2022 23:30	EIA Natural Gas Storage Change	Dec-16	-92	-87	-50
12/21/2022 23:30	EIA Working Natural Gas Implied Flow	Dec-16	-92	-87	-50
12/23/2022 02:00	Baker Hughes U.S. Rig Count	Dec-23	--	779	776
12/23/2022 02:00	Baker Hughes U.S. Rotary Gas Rigs	Dec-23	--	155	154
12/23/2022 02:00	Baker Hughes U.S. Rotary Oil Rigs	Dec-23	621	622	620
12/29/2022 23:30	EIA Natural Gas Storage Change	Dec-23	--	--	-87
12/29/2022 23:30	EIA Working Natural Gas Implied Flow	Dec-23	--	--	-87

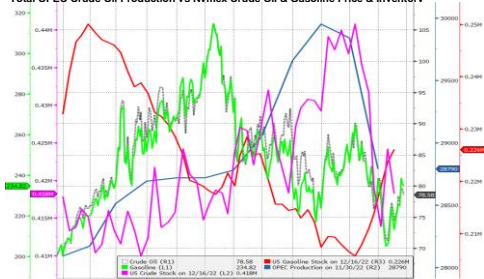
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



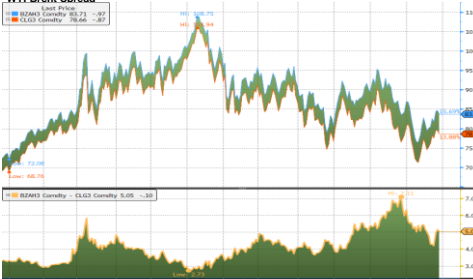
Normalized RBOB Gasoline minus Nymex Crude Oil Price



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	Natural Gas	Heating Oil	Brent Fin Last Day	Gasoline
1st Resistance: 80.14	1st Resistance: 4.780	1st Resistance: 342.85	1st Resistance: 85.05	1st Resistance: 239.83
2nd Resistance: 81.33	2nd Resistance: 4.850	2nd Resistance: 347.91	2nd Resistance: 86.30	2nd Resistance: 243.38
1st Support: 77.78	1st Support: 4.638	1st Support: 332.71	1st Support: 82.53	1st Support: 232.75
2nd Support: 76.59	2nd Support: 4.568	2nd Support: 327.65	2nd Support: 81.28	2nd Support: 229.20
MACD: -0.462	MACD: -0.426	MACD: -0.338	MACD: -0.722	MACD: -0.669
MACD DIFF: 0.795	MACD DIFF: -0.147	MACD DIFF: 4.744	MACD DIFF: 0.778	MACD DIFF: 3.383
RSI: 52.138	RSI: 34.891	RSI: 57.692	RSI: 51.501	RSI: 55.779

Strategy

	Long	Profit target:	Stop-loss:	Long	Profit target:	Stop-loss:	Short: Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Crude Oil	77.78	76.55	77.39	76.59	77.36	76.21	80.14	79.34	81.33	80.52	81.74
Natural Gas	4.638	4.685	4.615	4.568	4.613	4.545	4.780	4.732	4.804	4.802	4.875
Gasoline	232.75	235.07	231.58	229.20	231.49	228.06	239.83	237.44	241.03	240.94	244.60
Heating Oil	332.71	336.04	331.05	327.65	330.92	326.01	342.85	339.42	344.56	347.91	349.65
Brent Fin Last Day	82.53	83.36	82.12	81.28	82.09	80.87	85.05	84.20	85.47	86.30	86.74

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