

**Fundamentals:**

Oil fell by more than \$4 a barrel on Wednesday, with Brent suffering its biggest percentage loss in the first two trading days of the year since 1991, as demand concerns linked to the global economy and rising COVID-19 cases in China crushed crude prices.

Brent futures settled at \$77.84 a barrel, falling \$4.26, or 5.2%. U.S. crude settled at \$72.84 a barrel, shedding \$4.09, or 5.3%.

Brent fell by about 9.4%, its greatest two-day loss at the start of the year since January 1991, according to Refinitiv Eikon data.

Data from China showed that while no new coronavirus variant has been found there, the country has under-represented how many people have died in its recent, rapidly spreading outbreak, World Health Organization officials said.

The state of the global economy and central bank rate hikes also weighed on crude prices.

U.S. manufacturing contracted further in December, dropping for a second straight month to 48.4 from 49.0 in November, in the weakest reading since May 2020, the Institute for Supply Management (ISM) said.

At the same time, a survey from the U.S. Labor Department showed job openings fell 54,000 to 10.458 million on the last day of November, raising concerns that the Federal Reserve would use the tight labor market as a reason to keep rates higher for longer.

The Chinese government increased export quotas for refined oil products in the first batch for 2023, signaling expectations of poor domestic demand.

Top oil exporter Saudi Arabia could cut prices for its flagship Arab Light crude grade to Asia in February, having been set at a 10-month low for this month, as concern about oversupply continued to cloud the market.

OPEC oil output rose in December, a Reuters survey found on Wednesday, despite an agreement by the wider OPEC+ alliance to cut production targets to support the market.

The Organization of the Petroleum Exporting Countries (OPEC) pumped 29 million barrels per day (bpd) last month, the survey found, up 120,000 bpd from November.

U.S. crude oil stockpiles are likely to have risen by 1.2 million barrels last week, with distillate inventories expected to have fallen, a revised Reuters poll showed.

Industry group American Petroleum Institute is due to release data on U.S. crude inventories later on Wednesday. The Energy Information Administration will release its figures on Thursday morning.

U.S. natural gas futures jumped about 5% on Wednesday from a 10-month low in the prior session on forecasts for higher-than-expected demand for liquefied natural gas (LNG) exports over the next two weeks.

Front-month gas futures for February delivery rose 18.4 cents, or 4.6%, to settle at \$4.172 per mmBtu. On Tuesday, the contract dropped about 11% to settle at its lowest since Feb. 11.

Despite Wednesday's price jump, the front-month remained in technically oversold territory with a relative strength index (RSI) below 30 for a fifth day in a row for the first time since October.

(Source: Reuters)

**Energy Table**

Contract	Sett	Chg	High	Low
Nymex Crude Oil FEB 23	72.84	-3.79	77.42	72.73
Natural Gas FEB 23	4.172	0.160	4.219	3.900
RB Gasoline FEB 23	225.92	-9.08	237.54	224.33
Heating Oil FEB 23	297.19	-8.40	309.12	292.15
Brent Fin Last Day MAR 23	78.07	-4.03	82.67	77.72
US Dollar Index	104.27	-0.253	104.597	103.831

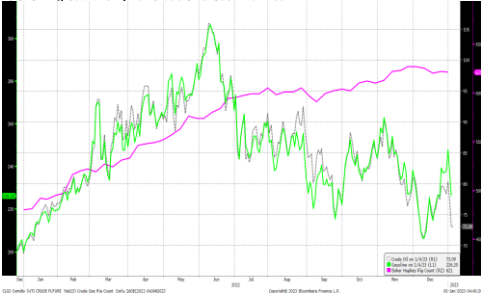
**Bloomberg Survey on U.S. Total Change in Inventories**

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventory
30/12/2022	-	1500	-	-	-	-
23/12/2022	718	-1200	-3105	500	12000	418952
16/12/2022	-5895	2500	2530	2000	12100	418234
09/12/2022	10231	-3500	4496	2500	12100	424129
02/12/2022	-5186	-3418	5319	2474	12200	413698
25/11/2022	-12581	-3123	2770	2250	12100	419084
18/11/2022	-3690	-2614	3058	1150	12100	431665
11/11/2022	2207	-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	-1725	2500	-114	-2000	12000	437357

**Fundamental Data:**

Event	Period	Avg Survey	Actual	Prior
01/05/2023 23:30	EIA Natural Gas Storage Change	Dec-30	-240	--
01/05/2023 23:30	EIA Working Natural Gas Implied Flow	Dec-30	-240	--
01/06/2023 00:00	DOE U.S. Crude Oil Inventories	Dec-30	1500k	--
01/06/2023 00:00	DOE Cushing OK Crude Inventory	Dec-30	--	--
01/06/2023 00:00	DOE U.S. Gasoline Inventories	Dec-30	-1000k	--
01/06/2023 00:00	DOE U.S. Distillate Inventory	Dec-30	-1173k	--
01/06/2023 00:00	DOE U.S. Refinery Utilization	Dec-30	-1.50%	--
01/06/2023 00:00	DOE Crude Oil Implied Demand	Dec-30	--	--
01/06/2023 00:00	DOE Gasoline Implied Demand	Dec-30	--	--
01/06/2023 00:00	DOE Distillate Implied Demand	Dec-30	--	--
01/07/2023 02:00	Baker Hughes U.S. Rotary Oil Rigs	Jan-06	623	--
01/07/2023 02:00	Baker Hughes U.S. Rotary Gas Rigs	Jan-06	--	--
01/07/2023 02:00	Baker Hughes U.S. Rig Count	Jan-06	--	--

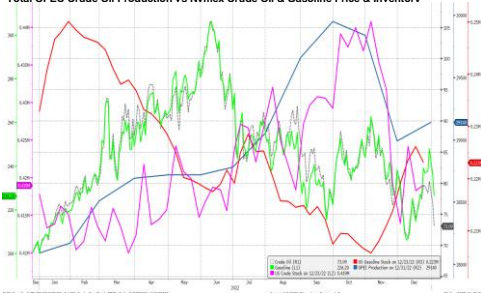
**U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price**



**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:	73.93	2nd Resistance:	75.03
1st Support:	71.75	2nd Support:	70.65
MACD:	-0.558		
MACD DIFF:	0.148		
RSI:	39.279		

**Natural Gas**

1st Resistance:	4.235	2nd Resistance:	4.297
1st Support:	4.109	2nd Support:	4.047
MACD:	-0.561		
MACD DIFF:	-0.150		
RSI:	31.582		

**Gasoline**

1st Resistance:	229.31	2nd Resistance:	232.70
1st Support:	222.53	2nd Support:	219.14
MACD:	1.629		
MACD DIFF:	2.019		
RSI:	47.689		

**Heating Oil**

1st Resistance:	301.65	2nd Resistance:	306.11
1st Support:	292.73	2nd Support:	288.27
MACD:	-0.284		
MACD DIFF:	0.821		
RSI:	42.791		

**Brent Fin Last Day**

1st Resistance:	79.24	2nd Resistance:	80.41
1st Support:	76.90	2nd Support:	75.73
MACD:	-0.699		
MACD DIFF:	0.201		
RSI:	39.226		

**Strategy**

	Long	Profit target:	Stop-loss:	Long	Profit target:	Stop-loss:	Short: Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	
Crude Oil	71.75	72.46	71.39	70.65	71.36	70.30	73.93	73.19	74.30	75.03	74.27	75.40
Natural Gas	4.109	4.151	4.089	4.047	4.087	4.027	4.235	4.192	4.256	4.297	4.254	4.319
Gasoline	222.53	224.76	221.42	219.14	221.33	218.05	229.31	227.02	230.46	232.70	230.37	233.86
Heating Oil	292.73	295.66	291.27	288.27	291.16	286.83	301.65	298.63	303.16	306.11	303.04	307.64
Brent Fin Last Day	76.90	77.67	76.51	75.73	76.49	75.35	79.24	78.45	79.64	80.41	79.61	80.81

Kenanga Futures Sdn Bhd (353603-X)

Dealing Desk: (603) 2172 3820 Fax: (603) 2172 2729 Email: futures@kenanga.com.my

Disclaimer: This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness.

Any recommendation contained in this document does not have regard to the specific investment objectives, financial background and the particular needs of any person who may read this document.

This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement and assessment by addressees in relation to any investment decision.

Kenanga Futures Sdn Bhd accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities/underlying securities.

Kenanga Futures Sdn Bhd and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities/underlying securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.