

Fundamentals:

Oil rose for a third straight day on Wednesday as investors felt more comfortable with risk a day after the Federal Reserve chair's remarks eased concerns about future interest rate hikes.

Comments from U.S. Federal Reserve Chair Jerome Powell on Tuesday were seen as less hawkish than feared, boosting risk appetite and weighing on the dollar. A weaker U.S. currency makes dollar-denominated oil cheaper for buyers holding other currencies.

Brent crude settled up \$1.40, or 1.7%, to \$85.09 a barrel while U.S. West Texas Intermediate (WTI) crude settled up \$1.33, or 1.7%, to \$78.47.

Investors hope less aggressive U.S. interest rate increases will help the world's biggest economy dodge a sharp economic slowdown or recession that would hit oil demand. China's ending of COVID-19 curbs, meanwhile, is also expected to support demand for fuel.

On supply, OPEC and its allies, together known as OPEC+, last week decided to keep output curbs in place and an Iranian official on Wednesday said the group is likely to stick with current policy at its next meeting.

The earthquake that struck Turkey and Syria on Monday stopped crude oil flows from Iraq and Azerbaijan out of the Turkish port of Ceyhan. BP Azerbaijan has declared force majeure on Azeri crude shipments from the port. Iraq's pipeline to Ceyhan resumed flows on Tuesday.

U.S. Energy Information Administration data showing U.S. oil production rose last week to the highest level since April 2020, however, limited oil's gains.

"There are some people out there definitely throwing money at the production side of the business...that was bearish for the market," said Bob Yawger, director of Energy Futures at Mizuho.

Crude inventories rose by 2.4 million barrels in the week ended Feb 3 to 455.1 million barrels, compared with analysts' expectations in a Reuters poll for a 2.5 million-barrel rise.

U.S. natural gas futures dropped about 7% on Wednesday to a 25-month low on a slow rise in output as warmer weather thaws frozen oil and gas wells, a decline in liquefied natural gas (LNG) exports and forecasts for mostly mild weather to keep heating demand low through late February.

That price drop came despite a growing belief in the market that Freeport LNG's export plant in Texas would start pulling in more gas in coming weeks to produce LNG for export.

Many analysts, however, do not expect Freeport to return to full power until mid-March or later. A couple of Freeport's customers - Japan's JERA 9501.T, 9502.T and Osaka Gas 9532.T - have said they do not expect to get LNG from the plant until after March.

Meteorologists forecast the weather would remain mostly warmer than normal through Feb. 23, with the exception of Friday and Saturday Feb. 17-18.

Front-month gas futures for March delivery on the New York Mercantile Exchange (NYMEX) fell 18.8 cents, or 7.3%, to settle at \$2.396 per million British thermal units, their lowest close since December 2020.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil MAR 23	78.47	1.31	78.57	77.08
Natural Gas MAR 23	2.396	-0.167	2.657	2.367
RB Gasoline MAR 23	246.28	0.85	248.50	240.64
Heating Oil MAR 23	289.33	-0.53	297.74	286.29
Brent Fin Last Day APR 23	85.11	1.42	85.16	83.50
US Dollar Index	103.48	0.050	103.521	103.002

Bloomberg Survey on U.S. Total Change in Inventories

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventory
03/02/2023	2423	2000	5008	1600	12300	455111
27/01/2023	4140	-1000	2576	2000	12200	452688
20/01/2023	533	1500	1763	1500	12200	448548
13/01/2023	8408	-3000	3483	2400	12200	448015
06/01/2023	18961	-2000	4114	750	12200	439607
30/12/2022	1694	1500	-346	-1000	12100	420646
23/12/2022	718	-1200	-3105	500	12000	418952
16/12/2022	2530	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	-12581	-3123	2770	2250	12100	419084
18/11/2022	-3690	-2614	-3058	1150	12100	431665

Fundamental Data:

Event	Period	Avg Survey	Actual	Prior
02/08/2023 01:00	STEO Fwd Yr Dry Nat Gas Forecast	Feb	--	101.68
02/08/2023 01:00	STEO Curr Yr Dry Nat Gas Forecast	Feb	--	100.27
02/08/2023 01:00	STEO Fwd Yr Crude Forecast	Feb	--	12.85
02/08/2023 01:00	STEO Curr Yr Crude Forecast	Feb	--	12.41
02/08/2023 23:30	DOE U.S. Crude Oil Inventories	Feb-03	2000k	2423k
02/08/2023 23:30	DOE Cushing OK Crude Inventory	Feb-03	--	1043k
02/08/2023 23:30	DOE U.S. Gasoline Inventories	Feb-03	1600k	5008k
02/08/2023 23:30	DOE U.S. Distillate Inventory	Feb-03	1000k	2932k
02/08/2023 23:30	DOE U.S. Refinery Utilization	Feb-03	0.50%	2.20%
02/08/2023 23:30	DOE Crude Oil Implied Demand	Feb-03	--	19012
02/08/2023 23:30	DOE Gasoline Implied Demand	Feb-03	--	9371.3
02/08/2023 23:30	DOE Distillate Implied Demand	Feb-03	--	4937.1
02/09/2023 23:30	EIA Natural Gas Storage Change	Feb-03	-201	--
02/09/2023 23:30	EIA Working Natural Gas Implied Flow	Feb-03	-201	--
02/11/2023 02:00	Baker Hughes U.S. Rotary Oil Rigs	Feb-10	601	--
02/11/2023 02:00	Baker Hughes U.S. Rotary Gas Rigs	Feb-10	--	158
02/11/2023 02:00	Baker Hughes U.S. Rig Count	Feb-10	--	759

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



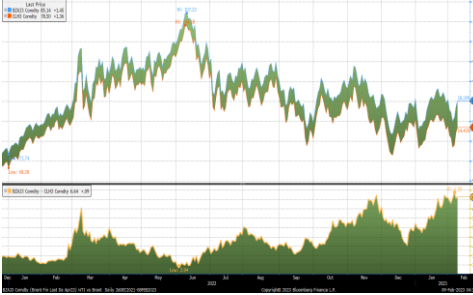
Normalized RBOB Gasoline minus Nymex Crude Oil Price



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



WTI-Brent Spread



Source: Bloomberg

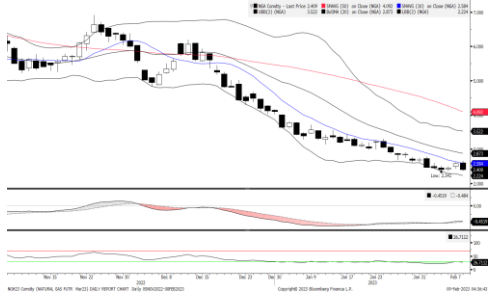
Nymex Crude Daily Chart



Nymex RBOB Gasoline Daily Chart



Nymex Natural Gas Daily Chart



Nymex Heating Oil Daily Chart



Nymex Brent Last Day Daily Chart



Technical Analysis

Instrument	1st Resistance	2nd Resistance	1st Support	2nd Support	MACD	MACD DIFF	RSI
Crude Oil	79.65	80.82	77.29	76.12	-0.458	-0.317	51.822
Natural Gas	2.432	2.468	2.360	2.324	-0.451	0.033	26.843
Gasoline	249.97	253.67	242.59	238.89	0.950	-2.490	50.297
Heating Oil	293.67	298.01	284.99	280.65	-6.278	-4.358	42.230
Brent Fin Last Day	86.39	87.66	83.83	82.56	-0.294	-0.294	53.431

Strategy

Instrument	Long Profit target	Long Stop-loss	Short Profit target	Short Stop-loss
Crude Oil	77.29	76.91	78.85	80.05
Natural Gas	2.360	2.348	2.347	2.444
Gasoline	242.59	241.37	247.47	251.22
Heating Oil	284.99	283.57	290.73	295.14
Brent Fin Last Day	83.83	83.41	86.39	86.82

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