

**Fundamentals:**

Oil prices settled up about \$2 on Wednesday as optimism over oil demand and U.S. debt ceiling negotiations outweighed worries about abundant supply.

Brent crude futures settled up \$2.05, or 2.7%, to \$76.96 a barrel. West Texas Intermediate U.S. crude settled up \$1.97 or 2.8% to \$72.83.

President Joe Biden and top U.S. congressional Republican Kevin McCarthy on Wednesday underscored their determination to reach a deal soon to raise the federal government's \$31.4 trillion debt ceiling and avoid an economically catastrophic default.

After a months-long standoff, the Democratic president and speaker of the House of Representatives on Tuesday agreed to negotiate directly. An agreement needs to be reached and passed by both chambers of Congress before the federal government runs out of money to pay its bills, as soon as June 1.

The optimism outweighed a crude inventory increase of 5 million barrels in the week ended May 12 reported by the Energy Information Administration. Analysts polled by Reuters had expected a 900,000-barrel drop.

The crude inventory build added to concerns about U.S. growth after data showed retail sales rose 0.4% in April, short of estimates for an increase of 0.8%.

However, gasoline stocks drew down by 1.4 million barrels as the four-week gasoline product supplied - a proxy for demand - rose to its highest level since December 2021.

The International Energy Agency on Tuesday predicted demand would outpace supply by 2 million barrels per day (bpd) in the second half of the year, with China making up 60% of oil demand growth in 2023.

In China, April industrial output and retail sales growth undershot forecasts, suggesting the economy lost momentum at the beginning of the second quarter.

U.S. natural gas futures snapped a three-session winning streak on Wednesday on expectations of a bigger-than-expected injection into gas inventories.

The price drop came despite projections for warmer weather and a slight uptick in demand forecasts than previously expected.

Front-month gas futures for June delivery on the New York Mercantile Exchange fell 1.1 cents, or 0.5%, to settle at \$2.365 per million British thermal units.

According to 16 analysts polled by Reuters, U.S. utilities likely added a bigger-than-normal 106 billion cubic feet (bcf) of natural gas to storage last week. That compares with a 87 bcf injection during the same week a year ago and a five-year (2018-2022) average increase of 91 bcf.

Data from Refinitiv showed a higher-than-normal number of cooling-degree days, when higher temperatures lead to greater demand for cooling, in the next two weeks at 106 compared to the 30-year average of 95.

Refinitiv also said average gas output in May so far in the U.S. Lower 48 states was 101.4 bcf per day (bcfd).

(Source: Reuters)

**Energy Table**

Contract	Sett	Chg	High	Low
Nymex Crude Oil JUN 23	72.83	1.90	73.26	70.04
Natural Gas JUN 23	2.365	-0.003	2.435	2.322
RB Gasoline JUN 23	256.92	6.89	257.71	246.49
Heating Oil JUN 23	242.26	5.84	243.11	234.28
Brent Fin Last Day JUL 23	76.87	1.96	77.31	74.09
US Dollar Index	102.88	0.318	103.114	102.537

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

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventories
12/5/2023	5040	-2000	-1381	-2000	12200	467624
5/5/2023	2951	-2500	-3167	-1500	12300	462584
28/4/2023	-1281	-500	1742	-1500	12300	459633
21/4/2023	-5054	-1500	-2408	-1500	12200	460914
14/4/2023	-4581	-250	1299	-1250	12300	465968
7/4/2023	597	-1050	-330	-1900	12300	470549
31/3/2023	-3739	-1700	-4119	-2000	12200	469952
24/3/2023	-2904	1750	-2904	-2250	12200	473691
17/3/2023	1117	-1800	-6399	-2364	12300	481180
10/3/2023	1550	1500	-2061	-1617	12200	480063
3/3/2023	-1694	1600	-1134	-2000	12200	478513
24/2/2023	1166	1900	-874	-1000	12300	480207

**Fundamental Data:**

Event	Period	Avg Survey	Actual	Prior
05/17/2023 22:30	DOE U.S. Crude Oil Inventories	May-12	-2000k	2951k
05/17/2023 22:30	DOE Cushing OK Crude Inventory	May-12	--	1461k
05/17/2023 22:30	DOE U.S. Gasoline Inventories	May-12	-2000k	-1381k
05/17/2023 22:30	DOE U.S. Distillate Inventory	May-12	-1500k	80k
05/17/2023 22:30	DOE U.S. Refinery Utilization	May-12	0.60%	1.00%
05/17/2023 22:30	DOE Crude Oil Implied Demand	May-12	--	18340
05/17/2023 22:30	DOE Gasoline Implied Demand	May-12	--	9838.4
05/17/2023 22:30	DOE Distillate Implied Demand	May-12	--	4972.6
05/18/2023 22:30	EIA Natural Gas Storage Change	May-12	108	--
05/18/2023 22:30	EIA Working Natural Gas Implied Flow	May-12	108	--
05/20/2023 01:00	Baker Hughes U.S. Rotary Oil Rigs	May-19	--	586
05/20/2023 01:00	Baker Hughes U.S. Rotary Gas Rigs	May-19	--	141
05/20/2023 01:00	Baker Hughes U.S. Rig Count	May-19	--	731

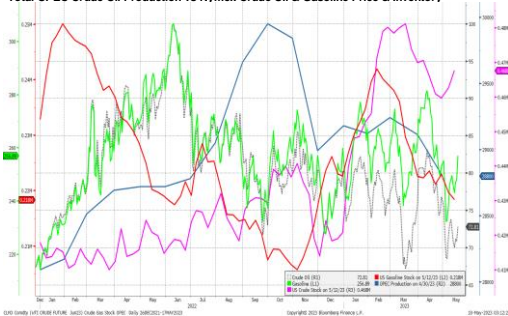
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



Normalized RBOB Gasoline minus Nymex Crude Oil Price



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

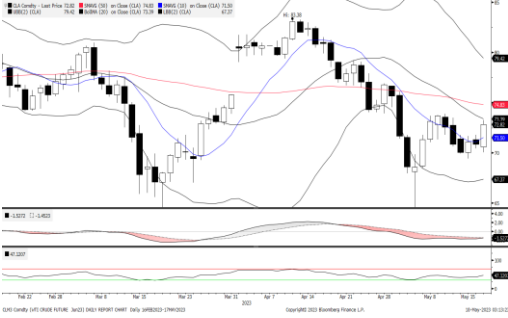


WTI-Brent Spread



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**

<b>Crude Oil</b>	1st Resistance: 73.92	2nd Resistance: 75.01	<b>Natural Gas</b>	1st Resistance: 2.400	2nd Resistance: 2.436	<b>Gasoline</b>	1st Resistance: 260.77	2nd Resistance: 264.63
	1st Support: 71.74	2nd Support: 70.65		1st Support: 2.330	2nd Support: 2.294		1st Support: 253.07	2nd Support: 249.21
	MACD: -1.532			MACD: -0.034			MACD: -3.256	
	MACD DIFF: -0.079			MACD DIFF: 0.028			MACD DIFF: 1.232	
	RSI: 46.957			RSI: 52.352			RSI: 54.344	
<b>Heating Oil</b>	1st Resistance: 245.89	2nd Resistance: 249.53	<b>Brent Fin Last Day</b>	1st Resistance: 78.02	2nd Resistance: 79.18			
	1st Support: 238.63	2nd Support: 234.99		1st Support: 75.72	2nd Support: 74.56			
	MACD: -4.315			MACD: -1.510				
	MACD DIFF: 1.416			MACD DIFF: 0.000				
	RSI: 50.296			RSI: 47.408				

**Strategy**

<b>Crude Oil</b>	Long: 71.74	Profit target: 72.45	Stop-loss: 71.38	Long: 70.65	Profit target: 71.35	Stop-loss: 70.29	Short: 73.92	Profit target: 73.18	Stop-loss: 74.29	Short: 75.01	Profit target: 74.26	Stop-loss: 75.39
<b>Natural Gas</b>	2.330	2.353	2.318	2.294	2.317	2.283	2.400	2.376	2.412	2.436	2.412	2.448
<b>Gasoline</b>	253.07	255.60	251.80	249.21	251.70	247.97	260.77	258.17	262.08	264.63	261.98	265.95
<b>Heating Oil</b>	238.63	241.01	237.43	234.99	237.34	233.82	245.89	243.43	247.12	249.53	247.03	250.78
<b>Brent Fin Last Day</b>	75.72	76.47	75.34	74.56	75.31	74.19	78.02	77.24	78.41	79.18	78.38	79.57

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