

Fundamentals:

U.S. crude oil gained about 3% on Wednesday, narrowing the price gap with global benchmark Brent in a post-holiday response to supply cuts announced on Monday by Saudi Arabia and Russia, as market participants awaited U.S. demand data for the Fourth of July weekend.

U.S. West Texas Intermediate crude (WTI) rose \$2 from Monday's close, or 2.9%, to settle at \$71.79 a barrel. Brent crude futures rose 40 cents, or 0.5%, to settle at \$76.65 a barrel, after gaining \$1.60 a barrel on Tuesday.

There was no WTI settlement on Tuesday because of the U.S. holiday, so trade on Wednesday had it catching up with Brent's gains the previous day. Both benchmarks hit their highest level in nearly two weeks during Wednesday's session.

Saudi Arabia, the world's biggest crude exporter, on Monday said it would extend its voluntary output cut of 1 million barrels per day (bpd) to August. Russia and Algeria, meanwhile, are lowering their August output and export levels by 500,000 bpd and 20,000 bpd respectively.

Russia-Saudi oil cooperation is still going strong as part of the OPEC+ alliance, which will do "whatever necessary" to support the market, Saudi energy minister Prince Abdulaziz bin Salman said on Wednesday.

U.S. crude oil and gasoline inventories were seen down last week, while distillate stockpiles likely rose, an extended Reuters poll showed ahead of weekly data from the American Petroleum Association after 4:30 p.m. EDT (2030 GMT), followed by government data on Thursday. Both reports are delayed by a day because of the holiday.

The Fourth of July marks peak U.S. travel season and this week's inventories reports could play a big role in pushing oil prices higher or lower, traders said.

Morgan Stanley lowered its oil price forecasts, predicting a market surplus in the first half of 2024 with non-OPEC supply growing faster than demand next year.

Recent surveys have shown a slump in global factory activity, reflecting sluggish demand in China and Europe.

Market attention is also focused on interest rates, with U.S. and European central banks expected to increase rates further to tame stubbornly high inflation.

U.S. natural gas futures eased on Wednesday as higher output overshadowed forecasts for hotter-than-normal weather, particularly in Texas' natural gas-reliant power grid.

Front-month gas futures for August delivery on the New York Mercantile Exchange traded 5.2 cents, or 1.9%, lower to settle at \$2.657 per million British thermal units.

Refinitiv said average gas output in the U.S. Lower 48 states was at 101.9 bcf/d so far in July, compared with 100.9 bcf/d in June and a record 102.5 bcf/d in May. Last week, output stood at 100.6 bcf/d.

In Texas, power use remained high and reached record levels last week as a heat wave continued to bake the state, according to the state's grid operator, Electric Reliability Council of Texas (ERCOT).

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil AUG 23	71.79	2.11	72.17	69.90
Natural Gas AUG 23	2.657	-0.052	2.793	2.648
RB Gasoline AUG 23	251.83	5.71	255.74	247.36
Heating Oil AUG 23	249.33	11.97	250.53	242.76
Brent, Fin Last Day SEP 23	76.65	2.00	76.94	74.78
US Dollar Index	103.36	0.318	103.39	102.955

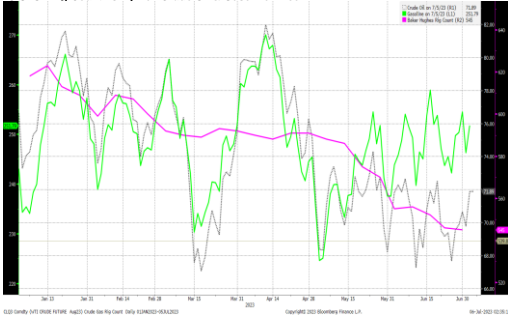
Bloomberg Survey on U.S. Total Change in Inventories

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventories
30/6/2023	0	-2000	-	-	-	-
23/6/2023	-9603	-1500	603	1000	12200	453690
16/6/2023	-3831	450	479	800	12200	463293
9/6/2023	7919	-1536	2108	1000	12400	467124
2/6/2023	-452	1500	2745	1000	12400	459205
26/5/2023	4489	-1500	-207	-1100	12200	459657
19/5/2023	-12456	2000	-2053	-1600	12300	455168
12/5/2023	-1381	-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	465988

Fundamental Data:

Event	Period	Avg Survey	Actual	Prior
07/08/2023 23:00	DOE U.S. Crude Oil Inventories	Jun-30	--	--
07/08/2023 23:00	DOE Cushing OK Crude Inventory	Jun-30	--	--
07/08/2023 23:00	DOE U.S. Gasoline Inventories	Jun-30	--	--
07/08/2023 23:00	DOE U.S. Distillate Inventory	Jun-30	--	--
07/08/2023 23:00	DOE U.S. Refinery Utilization	Jun-30	--	-0.90%
07/08/2023 23:00	DOE Crude Oil Implied Demand	Jun-30	--	20152
07/08/2023 23:00	DOE Gasoline Implied Demand	Jun-30	--	10173.3
07/08/2023 23:00	DOE Distillate Implied Demand	Jun-30	--	4810.4
07/07/2023 22:30	EIA Natural Gas Storage Change	Jun-30	--	--
07/07/2023 22:30	EIA Working Natural Gas Implied Flow	Jun-30	--	76
07/08/2023 01:00	Baker Hughes U.S. Rotary Oil Rigs	Jul-07	--	545
07/08/2023 01:00	Baker Hughes U.S. Rotary Gas Rigs	Jul-07	--	124
07/08/2023 01:00	Baker Hughes U.S. Rig Count	Jul-07	--	674

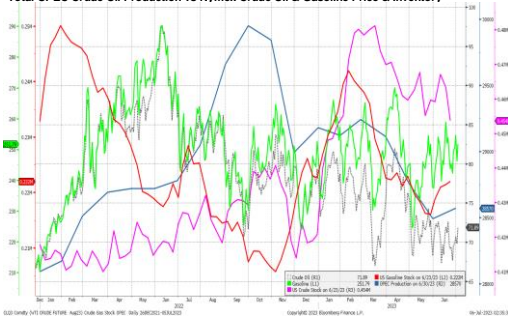
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



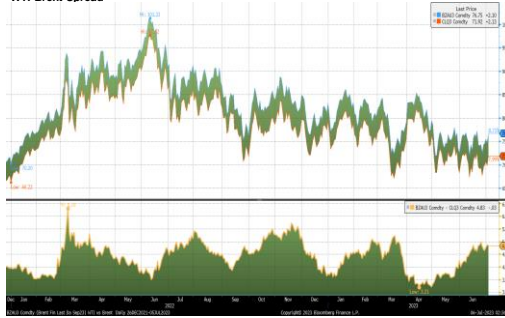
Normalized RBOB Gasoline minus Nymex Crude Oil Price



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: 72.87	2nd Resistance: 73.94	Natural Gas	1st Resistance: 2.697	2nd Resistance: 2.737	Gasoline	1st Resistance: 255.61	2nd Resistance: 259.38
	1st Support: 70.71	2nd Support: 69.64		1st Support: 2.617	2nd Support: 2.577		1st Support: 248.05	2nd Support: 244.28
	MACD: -0.380			MACD: 0.059			MACD: 1.046	
	MACD DIFF: 0.229			MACD DIFF: 0.008			MACD DIFF: 0.075	
	RSI: 53.578			RSI: 51.530			RSI: 53.274	
Heating Oil	1st Resistance: 253.07	2nd Resistance: 256.81	Brent Fin Last Day	1st Resistance: 77.80	2nd Resistance: 78.95			
	1st Support: 245.59	2nd Support: 241.85		1st Support: 75.50	2nd Support: 74.35			
	MACD: 1.434			MACD: -0.181				
	MACD DIFF: 0.538			MACD DIFF: 0.203				
	RSI: 57.177			RSI: 54.388				

Strategy

Crude Oil	Long: 70.71	Profit target: 71.42	Stop-loss: 70.36	Long: 69.64	Profit target: 70.33	Stop-loss: 69.29	Short: 72.87	Profit target: 72.14	Stop-loss: 73.23	Short: 73.94	Profit target: 73.20	Stop-loss: 74.31
Natural Gas	2.617	2.643	2.604	2.577	2.603	2.564	2.697	2.670	2.710	2.737	2.709	2.750
Gasoline	248.05	250.53	246.81	244.28	246.72	243.05	255.61	253.05	256.89	259.38	256.79	260.68
Heating Oil	245.59	248.05	244.36	241.85	244.27	240.64	253.07	250.54	254.34	256.81	254.24	258.09
Brent Fin Last Day	75.50	76.26	75.12	74.35	75.09	73.98	77.80	77.02	78.19	78.95	78.16	79.34

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