

Fundamentals:

Oil prices settled higher on Wednesday, reversing early declines as traders anticipated further draws on U.S. crude oil inventory following extended production cuts in Saudi Arabia and Russia.

Brent crude futures settled up 56 cents to \$90.60 a barrel while U.S. West Texas Intermediate crude (WTI) futures settled up 85 cents to \$87.54. Both benchmarks rose by \$1 and then pared gains.

Six analysts polled by Reuters estimated on average that U.S. crude inventories fell by about 2.1 million barrels in the week to Sept. 1.

The poll was conducted ahead of reports from the American Petroleum Institute industry group, due at 4:30 p.m. EDT (2030 GMT) on Wednesday, and the U.S. Energy Information Administration, due at 11 a.m. EDT (1500 GMT) on Thursday.

Both sets of data arrive a day later than usual due to Monday's Labor Day holiday.

On Tuesday, Saudi Arabia and Russia extended voluntary oil supply cuts to year end. The Saudi cuts were by 1 million barrels per day (bpd) while Russia has cut 300,000 bpd. These were on top of the April cut agreed by several OPEC+ producers running to the end of 2024.

Both countries will review market conditions and make monthly decisions on deepening cuts or raising output.

Reflecting near-term supply concerns, front-month Brent futures traded near nine-month highs at \$4.13 a barrel above prices in six months. The equivalent spread for U.S. WTI futures was as much as \$4.88 a barrel, also near nine-month highs.

Oil prices were down early on rate-hike concerns and investor worries about the economy after data showed the ISM non-manufacturing Purchasing Managers' Index (PMI) came in at 54.5, compared with expectations of 52.5.

Against a basket of currencies, the dollar rose to a high of 105.00, above the six-month high of 104.90 touched overnight. A stronger dollar can weigh on oil demand by making crude more expensive for holders of other currencies.

Analysts warned that price rises could hit demand when U.S. refineries enter their September-October maintenance period. Potentially higher supply from Iran, Venezuela and Libya could also weigh.

Research company IIR Energy said on Wednesday it expects U.S. oil refiners to increase available refining capacity by 274,000 bpd for the week ending Sept. 8.

U.S. natural gas futures slid about 3% on Wednesday to a two-week low on forecasts for heat to moderate over the next two weeks.

Limiting losses were lifted forecasts for gas demand over the same period, a drop in daily output and an increase in gas flows to liquefied natural gas (LNG) export plants.

Front-month gas futures for October delivery on the New York Mercantile Exchange fell 7.2 cents, or 2.8%, to settle at \$2.510 per million British thermal units (mmBtu), their lowest close since Aug. 23. It was the first four-day streak of declines for the front month since mid July.

(Source: Reuters)

Energy Table

| Contract | Sett | Chg | High | Low |
|----------------------------|---------------|--------|---------|---------|
| Nymex Crude Oil | OCT 23 87.54 | 0.86 | 88.08 | 85.93 |
| Natural Gas | OCT 23 2.510 | -0.063 | 2.614 | 2.503 |
| RB Gasoline | OCT 23 260.14 | 5.00 | 263.81 | 255.70 |
| Heating Oil | OCT 23 319.27 | -2.43 | 322.96 | 313.09 |
| Brent, Fin Last Day NOV 23 | 90.69 | 0.65 | 91.11 | 89.25 |
| US Dollar Index | 104.86 | 0.053 | 105.024 | 104.593 |

Bloomberg Survey on U.S. Total Change in Inventories

| Date | Crude Oil | | Gasoline | | Crude Oil | |
|-----------|-----------|--------|----------|--------|------------|-----------|
| | Actual | Survey | Actual | Survey | Production | Inventory |
| 25/8/2023 | -10584 | -2191 | -214 | -1250 | 12800 | 422944 |
| 18/8/2023 | -6134 | -3000 | 1468 | -481 | 12800 | 433528 |
| 11/8/2023 | -5960 | -2500 | -252 | -1100 | 12700 | 439652 |
| 4/8/2023 | 5851 | 2300 | -2661 | -200 | 12600 | 445622 |
| 28/7/2023 | -17049 | -1050 | 1481 | -1550 | 12200 | 439771 |
| 21/7/2023 | -600 | -2250 | -786 | -1373 | 12200 | 456820 |
| 14/7/2023 | -708 | -2500 | -1066 | -1500 | 12300 | 457420 |
| 7/7/2023 | -4 | -50 | -4 | -1350 | 12300 | 458128 |
| 30/6/2023 | -1508 | -2000 | -2549 | 0 | 12400 | 452182 |
| 23/6/2023 | -9603 | -1500 | 603 | 1000 | 12200 | 453690 |
| 16/6/2023 | -3631 | 450 | 479 | 800 | 12200 | 463293 |
| 9/6/2023 | 7919 | -1536 | 2108 | 1000 | 12400 | 467124 |

Fundamental Data:

| Event | Period | Avg Survey | Actual | Prior |
|------------------|--------------------------------------|---------------|--------|---------|
| 09/07/2023 22:30 | EIA Natural Gas Storage Change | Sep-01 41 | -- | 32 |
| 09/07/2023 22:30 | EIA Working Natural Gas Implied Flow | Sep-01 41 | -- | 32 |
| 09/07/2023 23:00 | DOE U.S. Crude Oil Inventories | Sep-01 -2000k | -- | -10584k |
| 09/07/2023 23:00 | DOE Cushing OK Crude Inventory | Sep-01 -- | -- | -1504k |
| 09/07/2023 23:00 | DOE U.S. Gasoline Inventories | Sep-01 -1000k | -- | -214k |
| 09/07/2023 23:00 | DOE U.S. Distillate Inventory | Sep-01 1000k | -- | 1235k |
| 09/07/2023 23:00 | DOE U.S. Refinery Utilization | Sep-01 0.00% | -- | -1.20% |
| 09/07/2023 23:00 | DOE Crude Oil Implied Demand | Sep-01 -- | -- | 20929 |
| 09/07/2023 23:00 | DOE Gasoline Implied Demand | Sep-01 -- | -- | 9922.1 |
| 09/07/2023 23:00 | DOE Distillate Implied Demand | Sep-01 -- | -- | 5009.6 |
| 09/09/2023 01:00 | Baker Hughes U.S. Rotary Oil Rigs | Sep-08 -- | -- | 512 |
| 09/09/2023 01:00 | Baker Hughes U.S. Rotary Gas Rigs | Sep-08 -- | -- | 114 |
| 09/09/2023 01:00 | Baker Hughes U.S. Rig Count | Sep-08 -- | -- | 631 |

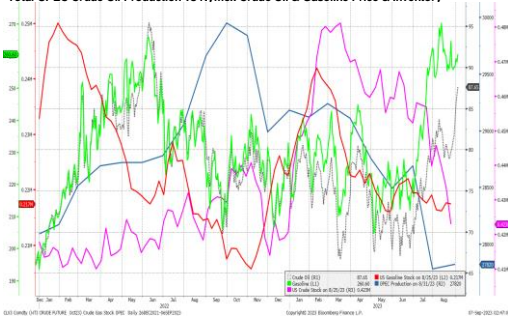
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



Normalized RBOB Gasoline minus Nymex Crude Oil Price



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

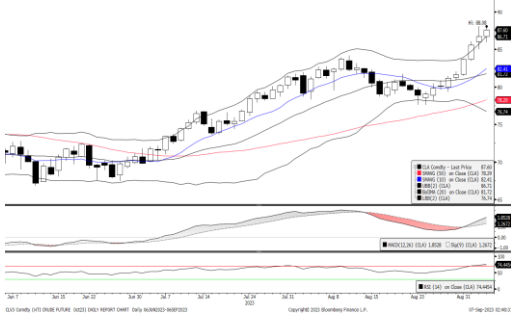


WTI-Brent Spread



Source: Bloomberg

Nymex Crude Daily Chart



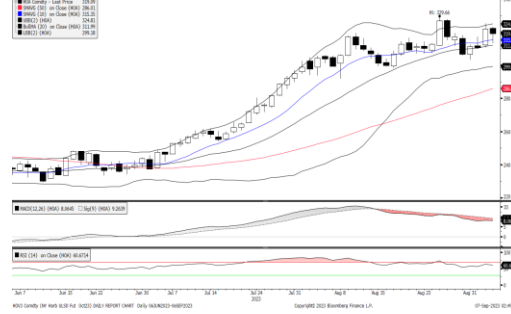
Nymex RBOB Gasoline Daily Chart



Nymex Natural Gas Daily Chart



Nymex Heating Oil Daily Chart



Nymex Brent Last Day Daily Chart



Technical Analysis

| Crude Oil | | | Natural Gas | | | Gasoline | | | | | |
|-----------------|--------|-----------------|--------------------|-----------------|--------|-----------------|-------|-----------------|--------|-----------------|--------|
| 1st Resistance: | 88.85 | 2nd Resistance: | 90.17 | 1st Resistance: | 2.548 | 2nd Resistance: | 2.585 | 1st Resistance: | 264.04 | 2nd Resistance: | 267.94 |
| 1st Support: | 86.23 | 2nd Support: | 84.91 | 1st Support: | 2.472 | 2nd Support: | 2.435 | 1st Support: | 256.24 | 2nd Support: | 252.34 |
| MACD: | 1.850 | | | MACD: | -0.032 | | | MACD: | 2.166 | | |
| MACD DIFF: | 0.584 | | | MACD DIFF: | -0.015 | | | MACD DIFF: | -0.776 | | |
| RSI: | 74.379 | | | RSI: | 38.594 | | | RSI: | 58.551 | | |
| Heating Oil | | | Brent Fin Last Day | | | | | | | | |
| 1st Resistance: | 324.06 | 2nd Resistance: | 328.85 | 1st Resistance: | 92.05 | 2nd Resistance: | 93.41 | | | | |
| 1st Support: | 314.48 | 2nd Support: | 309.69 | 1st Support: | 89.33 | 2nd Support: | 87.97 | | | | |
| MACD: | 8.999 | | | MACD: | 1.712 | | | | | | |
| MACD DIFF: | -1.171 | | | MACD DIFF: | 0.511 | | | | | | |
| RSI: | 61.049 | | | RSI: | 74.564 | | | | | | |

Strategy

| | Long: | Profit target: | Stop-loss: | Long: | Profit target: | Stop-loss: | Short: | Profit target: | Stop-loss: | Short: | Profit target: | Stop-loss: |
|--------------------|--------|----------------|------------|--------|----------------|------------|--------|----------------|------------|--------|----------------|------------|
| Crude Oil | 86.23 | 87.09 | 85.80 | 84.91 | 85.76 | 84.49 | 88.85 | 87.96 | 89.30 | 90.17 | 89.26 | 90.62 |
| Natural Gas | 2.472 | 2.497 | 2.460 | 2.435 | 2.459 | 2.423 | 2.548 | 2.522 | 2.560 | 2.585 | 2.559 | 2.598 |
| Gasoline | 256.24 | 258.80 | 254.96 | 252.34 | 254.86 | 251.07 | 264.04 | 261.40 | 265.36 | 267.94 | 265.26 | 269.28 |
| Heating Oil | 314.48 | 317.63 | 312.91 | 309.69 | 312.79 | 308.14 | 324.06 | 320.82 | 325.68 | 328.85 | 325.56 | 330.49 |
| Brent Fin Last Day | 89.33 | 90.22 | 88.88 | 87.97 | 88.85 | 87.53 | 92.05 | 91.13 | 92.51 | 93.41 | 92.48 | 93.88 |

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