

Fundamentals:

Oil prices rose about 2% on Wednesday, buoyed by worries about conflict in the Middle East, but gains were capped by higher U.S. crude inventories and gloomy economic prospects in Europe.

Brent crude futures rose \$2.06, or 2.34%, to settle at \$90.13 a barrel. U.S. West Texas Intermediate (WTI) crude futures rose \$1.65, or 1.97%, to close at \$85.39 a barrel.

Israel stepped up bombings of south Gaza, officials said, and violence flared elsewhere in the Middle East. Prime Minister Benjamin Netanyahu said in a televised statement that Israel is preparing a ground invasion of Gaza.

U.S. crude inventories rose by 1.4 million barrels in the latest week to 421.1 million barrels, the Energy Information Administration (EIA) reported, exceeding the 240,000-barrel gain expected by analysts in a Reuters poll.

Adding to weak European economic data in recent weeks, European Central Bank data showed bank lending across the euro zone came to a near standstill last month, further evidence that the 20-nation bloc may be close to a recession.

Crude demand could get a boost in China, the world's biggest oil importer, which approved a bill to issue 1 trillion yuan (\$137 billion) in sovereign bonds and allow local governments to issue new debt from their 2024 quota to boost the economy. Yet Beijing also took steps that could limit crude demand, such as putting a ceiling for its oil refining capacity at 1 billion metric tons by 2025 to streamline its vast oil processing sector and curb carbon emissions.

U.S. natural gas futures climbed about 1% to a one-week high on Wednesday on forecasts for colder weather and higher heating demand next week than previously expected and talk of bullish price support from the options market ahead of options expiration on Thursday.

Front-month gas futures for November delivery on the New York Mercantile Exchange (NYMEX) rose 3.9 cents, or 1.3%, to settle at \$3.010 per million British thermal units (mmBtu), their highest close since Oct. 18.

That put the front-month near the psychological round number of \$3 per mmBtu, where lots of put and call options were still open, ahead of the November options expiration on Thursday and the November front-month expiration on Friday.

With almost twice as many \$3 November puts outstanding (34,329 contracts) versus \$3 November calls (18,405 contracts), according to data from the NYMEX, analysts said the firms that sold those options had more reasons to want the November front-month to close over \$3 per mmBtu when those options expire on Thursday (keeping those puts out of the money) than under \$3 (putting the calls into the money).

A lack of big price moves in recent weeks, meanwhile, has cut historic or actual 30-day close-to-close futures volatility to 48.7%, the lowest since September 2021.

Historic daily volatility hit a record high of 177.7% in February 2022 and a record low of 7.3% in June 1991. Historic volatility has averaged 74.5% so far this year, versus a record high of 92.8% in 2022 and a five-year (2018-2022) average of 57.9%.

One factor keeping a lid on futures price gains was lower spot prices.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low	
Nymex Crude Oil	DEC 23 85.39	1.57	85.56	82.08	
Natural Gas	NOV 23 3.010	0.060	3.034	2.954	
RB Gasoline	NOV 23 228.42	1.24	229.51	222.78	
Heating Oil	NOV 23 303.05	-2.28	304.69	295.01	
Brent, Fin Last Day	DEC 23 90.03	1.96	90.34	86.67	
US Dollar Index		106.55	0.281	106.551	106.139

Bloomberg Survey on U.S. Total Change in Inventories

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventory
20/10/2023	1372	-450	156	-1266	13200	421120
13/10/2023	-4491	-550	-2370	-100	13200	419748
6/10/2023	10176	-1400	-1313	-1000	13200	424239
29/9/2023	-2224	50	6481	-300	12900	414083
22/9/2023	-2169	-900	1027	-500	12900	416287
15/9/2023	-2136	-1700	-831	1100	12900	418456
8/9/2023	3955	-2481	5561	-850	12900	420592
1/9/2023	-2666	-2000	-2666	-1000	12800	416637
25/8/2023	-10584	-2191	-214	-1250	12800	422944
18/8/2023	-6134	-3000	1468	-481	12800	433528
11/8/2023	-5960	-2500	-262	-1100	12700	439662
4/8/2023	5851	2300	-2661	-200	12600	445622

Fundamental Data:

Event	Period	Avg Survey	Actual	Prior
10/25/2023 22:30 DOE U.S. Crude Oil Inventories	Oct-20	-450k	1372k	-4491k
10/25/2023 22:30 DOE Cushing OK Crude Inventory	Oct-20	--	213k	-758k
10/25/2023 22:30 DOE U.S. Gasoline Inventories	Oct-20	-1266k	156k	-2370k
10/25/2023 22:30 DOE U.S. Distillate Inventories	Oct-20	-1750k	-1686k	-3185k
10/25/2023 22:30 DOE U.S. Refinery Utilization	Oct-20	0.55%	-0.50%	0.40%
10/25/2023 22:30 DOE Crude Oil Implied Demand	Oct-20	--	1917	19784
10/25/2023 22:30 DOE Gasoline Implied Demand	Oct-20	--	9695.9	10024.1
10/25/2023 22:30 DOE Distillate Implied Demand	Oct-20	--	5089.9	5226
10/26/2023 22:30 EIA Natural Gas Storage Change	Oct-20	81	--	97
10/26/2023 22:30 EIA Working Natural Gas Implied Flow	Oct-20	81	--	97
10/28/2023 01:00 Baker Hughes U.S. Rotary Oil Rigs	Oct-27	--	--	502
10/28/2023 01:00 Baker Hughes U.S. Rotary Gas Rigs	Oct-27	--	--	118
10/28/2023 01:00 Baker Hughes U.S. Rig Count	Oct-27	--	--	624

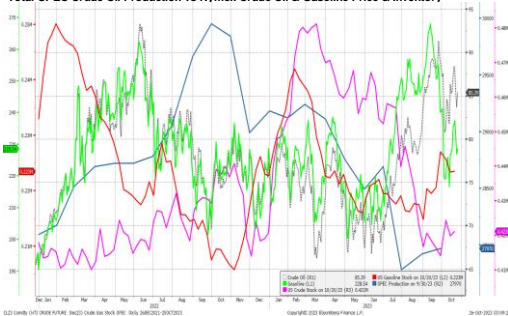
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



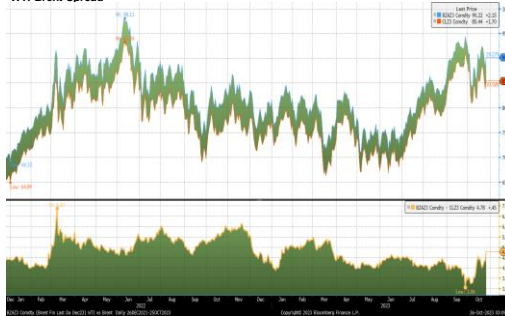
Normalized RBOB Gasoline minus Nymex Crude Oil Price



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



WTI-Brent Spread

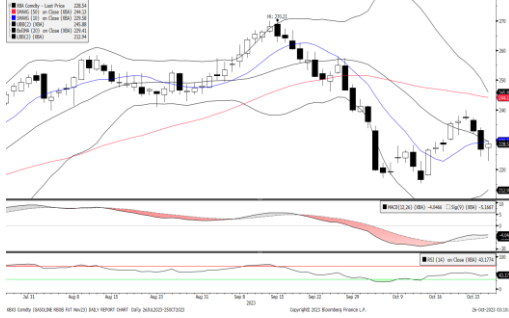


Source: Bloomberg

Nymex Crude Daily Chart



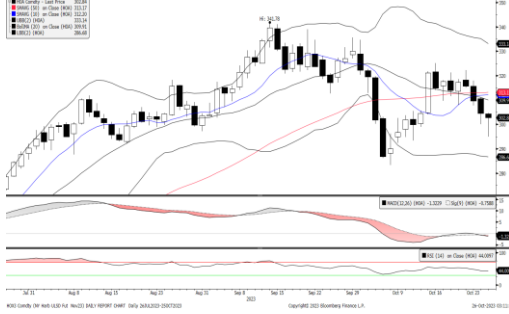
Nymex RBOB Gasoline Daily Chart



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:	86.67	1st Resistance:	3.055	1st Resistance:	231.85
2nd Resistance:	87.95	2nd Resistance:	3.100	2nd Resistance:	235.27
1st Support:	84.11	1st Support:	2.965	1st Support:	224.99
2nd Support:	82.83	2nd Support:	2.920	2nd Support:	221.57
MACD:	0.125	MACD:	-0.016	MACD:	-4.091
MACD DIFF:	-0.056	MACD DIFF:	-0.026	MACD DIFF:	1.086
RSI:	49.713	RSI:	48.058	RSI:	42.563

Heating Oil		Brent Fin Last Day	
1st Resistance:	307.60	1st Resistance:	91.38
2nd Resistance:	312.14	2nd Resistance:	92.73
1st Support:	298.50	1st Support:	86.68
2nd Support:	293.96	2nd Support:	87.33
MACD:	-1.375	MACD:	0.253
MACD DIFF:	-0.603	MACD DIFF:	0.031
RSI:	43.637	RSI:	51.620

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Crude Oil	84.11	84.95	83.69	82.83	83.66	82.41	86.67	85.90	87.10	87.95	87.07	88.39
Natural Gas	2.965	2.994	2.950	2.920	2.949	2.905	3.055	3.025	3.070	3.100	3.069	3.116
Gasoline	224.99	227.24	223.87	221.57	223.78	220.46	231.85	229.53	233.01	235.27	232.92	236.45
Heating Oil	298.50	301.49	297.01	293.96	296.90	292.49	307.60	304.52	309.13	312.14	309.02	313.70
Brent Fin Last Day	88.68	89.57	88.24	87.33	88.20	86.89	91.38	90.47	91.84	92.73	91.80	93.19

Kenanga Futures Sdn Bhd (353603-X)

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

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