

Fundamentals:

Oil prices surged 4% on Monday, recouping some of last week's steep losses, as military clashes between Israel and the Palestinian Islamist group Hamas ignited fears that a wider conflict could hit oil supply from the Middle East.

Brent crude settled \$3.57, or 4.2%, higher at \$88.15 a barrel. U.S. West Texas Intermediate crude closed at \$86.38 a barrel, up \$3.59 or 4.3%. At their session highs, both benchmarks spiked by more than \$4, or over 5%.

Last week, Brent fell about 11% and WTI retreated more than 8%, the biggest weekly decline since March, as a darkening macroeconomic outlook intensified concerns about global demand.

On Saturday, Hamas launched the largest military assault on Israel in decades. Israel retaliated with a wave of air strikes on Gaza.

Israel's port of Ashkelon and its oil terminal have been shut in the wake of the conflict, sources said.

The eruption of violence threatens to derail U.S. efforts to broker a rapprochement between Saudi Arabia and Israel, in which the kingdom would normalize ties with Israel in return for a defense deal between Washington and Riyadh.

Saudi officials reportedly on Friday told the White House they were willing to raise output next year as part of the proposed Israel deal.

Goldman Sachs said the conflict reduced the likelihood of normalization of Israel's relations with Saudi Arabia, and the associated boost to Saudi production over time. It does not see any immediate major effect on near-term oil inventories from the attacks.

Riyadh and Moscow have agreed to a combined 1.3 million barrel per day (bpd) voluntary cut until the end of 2023. New disruptions would exacerbate an expected supply tightness for the rest of the year.

Analysts suggested the implications of the conflict could include a potential slowdown in Iranian exports, which have grown significantly this year, despite U.S. sanctions.

Meanwhile, Venezuela and the U.S. have progressed in talks that could provide sanctions relief to Caracas by allowing at least one additional foreign oil firm to take Venezuelan crude oil for debt repayment if President Nicolas Maduro resumes negotiations with the opposition in Mexico, sources said.

The conflict is likely to lead to higher volatility and speculation in oil markets, the CEO of Brazil's Petrobras said.

On the demand side, major international air carriers have suspended or scaled back flights to or from Tel Aviv after the attack. High oil price due to the conflict could bolster inflation, analysts said, forcing rate hikes that could dampen demand.

U.S. natural gas futures edged up about 1% on Monday to a fresh eight-month high on rising exports and forecasts for cooler weather and higher heating demand next week than previously expected.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil NOV 23	86.38	3.59	87.24	84.67
Natural Gas NOV 23	3.376	0.044	3.471	3.322
RB Gasoline NOV 23	223.81	4.45	227.88	222.00
Heating Oil NOV 23	236.66	7.50	302.58	292.36
Brent, Fin Last Day DEC 23	88.10	3.52	89.00	86.07
US Dollar Index	106.07	0.022	106.6	106.024

Bloomberg Survey on U.S. Total Change in Inventories

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventory
29/9/2023	-2224	50	6481	-300	12900	414063
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	-6307	-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	-262	-2500	-262	-1100	12700	439662
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

Fundamental Data:

Event	Period	Avg Survey	Actual	Prior
10/12/2023 00:00	STEO Fwd Yr Dry Nat Gas Forecast	Oct	--	104.93
10/12/2023 00:00	STEO Curr Yr Dry Nat Gas Forecast	Oct	--	102.69
10/12/2023 00:00	STEO Fwd Yr Crude Forecast	Oct	--	13.16
10/12/2023 00:00	STEO Current Yr Crude Forecast	Oct	--	12.78
10/12/2023 22:30	EIA Natural Gas Storage Change	Oct-06	--	86
10/12/2023 22:30	EIA Working Natural Gas Implied Flow	Oct-06	--	86
10/12/2023 23:00	DOE U.S. Crude Oil Inventories	Oct-06	--	-2224k
10/12/2023 23:00	DOE Cushing OK Crude Inventory	Oct-06	--	132k
10/12/2023 23:00	DOE U.S. Gasoline Inventories	Oct-06	--	649.1k
10/12/2023 23:00	DOE U.S. Distillate Inventory	Oct-06	--	-1269k
10/12/2023 23:00	DOE U.S. Refinery Utilization	Oct-06	--	-2.20%
10/12/2023 23:00	DOE Crude Oil Implied Demand	Oct-06	--	19433
10/12/2023 23:00	DOE Gasoline Implied Demand	Oct-06	--	8850.3
10/12/2023 23:00	DOE Distillate Implied Demand	Oct-06	--	4955.3
10/14/2023 01:00	Baker Hughes U.S. Rotary Oil Rigs	Oct-13	--	497
10/14/2023 01:00	Baker Hughes U.S. Rotary Gas Rigs	Oct-13	--	118
10/14/2023 01:00	Baker Hughes U.S. Rig Count	Oct-13	--	619

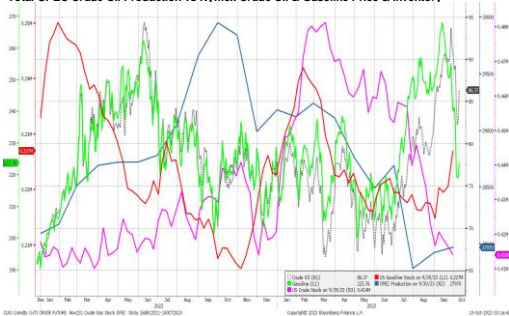
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



Normalized RBOB Gasoline minus Nymex Crude Oil Price



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

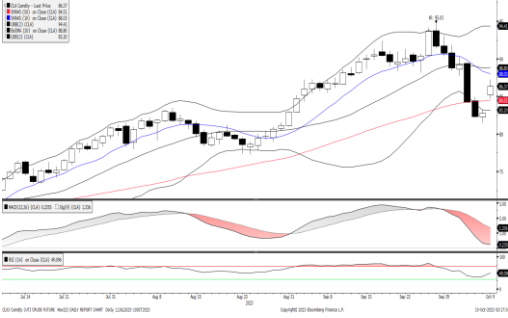


WTI-Brent Spread



Source: Bloomberg

Nymex Crude Daily Chart



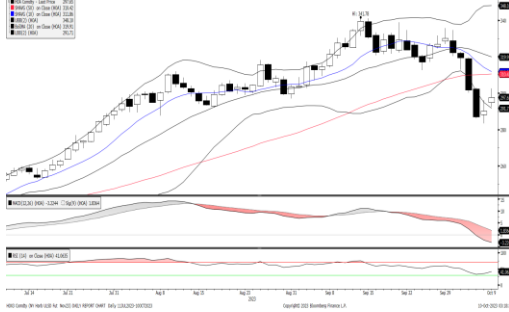
Nymex RBOB Gasoline Daily Chart



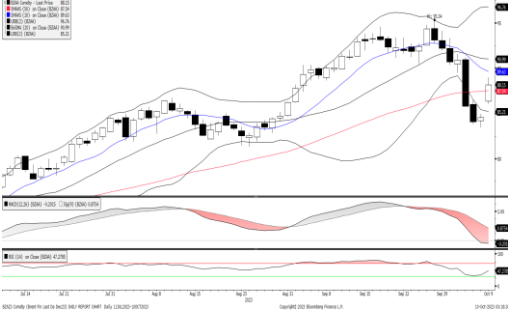
Nymex Natural Gas Daily Chart



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	87.68	88.97	85.08	83.79	0.236	-1.100	49.148
Natural Gas	3.427	3.477	3.325	3.275	0.039	0.059	68.898
Gasoline	227.17	230.52	220.45	217.10	-7.983	-4.101	29.454
Heating Oil	301.11	305.56	292.21	287.76	-3.233	-5.064	41.015
Brent Fin Last Day	89.42	90.74	86.78	85.46	-0.206	-1.080	47.128

Strategy

Instrument	Long Profit target	Long Stop-loss	Short Profit target	Short Stop-loss
Crude Oil	85.94	84.66	87.68	86.90
Natural Gas	3.359	3.309	3.275	3.307
Gasoline	220.45	222.66	227.17	224.90
Heating Oil	292.21	295.13	297.76	298.10
Brent Fin Last Day	86.78	87.65	85.46	86.31

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