

Fundamentals:

Oil prices leapt nearly 6% on Friday, with Brent posting its highest weekly gain since February, as investors priced in the possibility that the conflict in the Middle East could widen as Israel began ground raids inside the Gaza Strip.

Israel's announcement marked a shift from an air war to ground operations to root out Hamas fighters a week after the militant Palestinian group's deadly rampage in southern Israel.

Brent futures settled up \$4.89, or 5.7%, at \$90.89 per barrel. U.S. West Texas Intermediate (WTI) crude gained \$4.78, or 5.8%, to \$87.69 a barrel.

Both benchmarks posted their highest daily percentage gains since April.

Brent also recorded a weekly gain of 7.5%, its biggest such increase since February. WTI climbed 5.9% for the week.

The conflict in the Middle East has had little impact on global oil and gas supplies, and Israel is not a big producer. Investors and market observers, however, are assessing how it could escalate and what it might mean for supplies from nearby countries in the world's top oil producing region.

Some residents in Gaza were abandoning their homes on Friday to escape from the path of an Israeli onslaught, after Israel ordered more than a million people to leave the northern half of the territory within 24 hours. Hamas told them not to go.

Iran's Oil Minister Javad Owji said on Friday oil prices are expected to reach \$100 per barrel due to the current situation in the Middle East, according to the ministry's news agency SHANA.

Iran's Foreign Minister Hossein Amirabdollahian on Friday discussed the Israeli-Hamas conflict with the head of the powerful Tehran-backed Lebanese armed group Hezbollah, which has launched its own cross-border attacks on Israel.

If the U.S. tightens enforcement of sanctions on Iran's oil exports due to any role it may have in the conflict, then Iran's oil supply could fall.

Saudi Arabia is putting U.S.-backed plans to normalize ties with Israel on ice, two sources familiar with Riyadh's thinking said, signalling a rapid rethinking of its foreign policy priorities as the conflict escalates.

That may have implications for supply as Saudi Arabia told the White House it was willing to boost oil production early next year to help secure the deal, the Wall Street Journal reported last week.

Also boosting prices was the U.S. move on Thursday to impose the first sanctions on owners of tankers carrying Russian oil priced above the Group of Seven's price cap of \$60 a barrel, an effort to close loopholes in the mechanism designed to punish Moscow for its invasion of Ukraine.

Russia is the world's second-largest oil producer and a major exporter, and the tighter U.S. scrutiny of its shipments could curtail supply.

The Organization of the Petroleum Exporting Countries (OPEC) this week kept its forecast for growth in global oil demand, citing signs of a resilient world economy so far this year and expected further demand gains in China, the world's biggest oil importer.

On the U.S. supply front, drillers this week added four oil rigs in the biggest weekly rise since March, Baker Hughes said.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil	NOV 23 87.69	4.74	87.83	83.35
Natural Gas	NOV 23 3.236	-0.132	3.348	3.210
RB Gasoline	NOV 23 226.53	9.92	226.96	217.79
Heating Oil	NOV 23 321.17	16.39	321.72	304.00
Brent, Fin Last Day	DEC 23 90.89	4.89	90.99	86.28
US Dollar Index		0.079	106.787	106.29

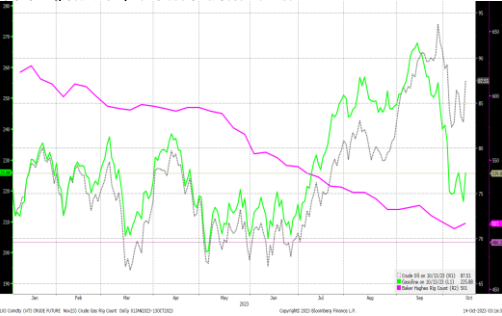
Bloomberg Survey on U.S. Total Change in Inventories

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventory
6/10/2023	10176	-1400	-1313	-1000	13200	424239
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	1468	-3000	1468	-481	12800	433528
11/8/2023	-5960	-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

Fundamental Data:

Event	Period	Avg Survey	Actual	Prior
10/14/2023 01:00 Baker Hughes U.S. Rotary Oil Rigs	Oct-13	--	501	497
10/14/2023 01:00 Baker Hughes U.S. Rotary Gas Rigs	Oct-13	--	117	118
10/14/2023 01:00 Baker Hughes U.S. Rig Count	Oct-13	--	622	619
10/18/2023 22:30 DOE U.S. Crude Oil Inventories	Oct-13	--	--	10176k
10/18/2023 22:30 DOE Cushing OK Crude Inventory	Oct-13	--	--	-319k
10/18/2023 22:30 DOE U.S. Gasoline Inventories	Oct-13	--	--	-1313k
10/18/2023 22:30 DOE U.S. Distillate Inventory	Oct-13	--	--	-1837k
10/18/2023 22:30 DOE U.S. Refinery Utilization	Oct-13	--	--	-1.80%
10/18/2023 22:30 DOE Crude Oil Implied Demand	Oct-13	--	--	18075
10/18/2023 22:30 DOE Gasoline Implied Demand	Oct-13	--	--	9759.6
10/18/2023 22:30 DOE Distillate Implied Demand	Oct-13	--	--	5109.4
10/19/2023 22:30 EIA Natural Gas Storage Change	Oct-13	--	--	84
10/19/2023 22:30 EIA Working Natural Gas Implied Flow	Oct-13	--	--	84
10/21/2023 01:00 Baker Hughes U.S. Rotary Oil Rigs	Oct-20	--	--	501
10/21/2023 01:00 Baker Hughes U.S. Rotary Gas Rigs	Oct-20	--	--	117
10/21/2023 01:00 Baker Hughes U.S. Rig Count	Oct-20	--	--	622

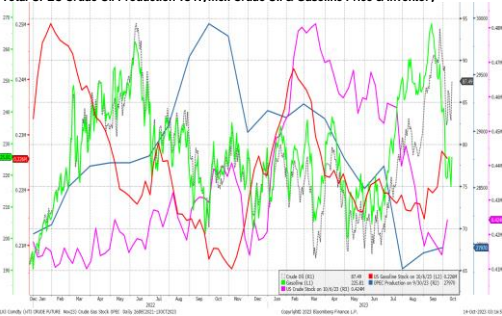
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



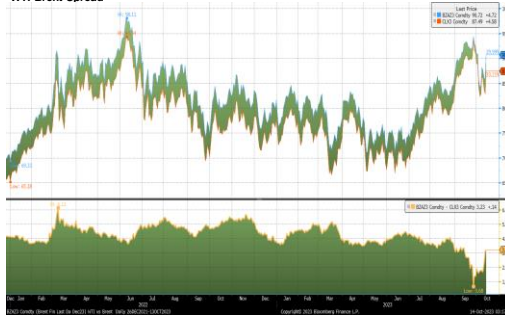
Normalized RBOB Gasoline minus Nymex Crude Oil Price



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

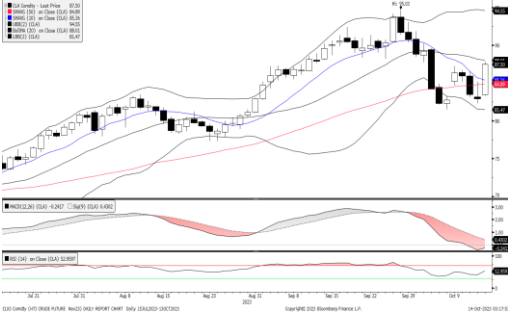


WTI-Brent Spread



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: 89.01	2nd Resistance: 90.32	Natural Gas	1st Resistance: 3.285	2nd Resistance: 3.333	Gasoline	1st Resistance: 229.93	2nd Resistance: 233.33
	1st Support: 86.37	2nd Support: 85.06		1st Support: 3.187	2nd Support: 3.139		1st Support: 223.13	2nd Support: 219.73
	MACD: -0.232			MACD: 0.080			MACD: -8.628	
	MACD DIFF: -0.662			MACD DIFF: 0.043			MACD DIFF: -1.945	
	RSI: 53.245			RSI: 56.055			RSI: 39.354	
Heating Oil	1st Resistance: 325.99	2nd Resistance: 330.81	Brent Fin Last Day	1st Resistance: 92.25	2nd Resistance: 93.62			
	1st Support: 316.35	2nd Support: 311.53		1st Support: 89.53	2nd Support: 88.16			
	MACD: -2.440			MACD: -0.351				
	MACD DIFF: -1.192			MACD DIFF: -0.445				
	RSI: 55.794			RSI: 55.938				

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Crude Oil	86.37	87.24	85.94	85.06	85.91	84.63	89.01	88.12	89.45	90.32	89.42	90.77
Natural Gas	3.187	3.219	3.172	3.139	3.170	3.123	3.285	3.252	3.301	3.333	3.300	3.350
Gasoline	223.13	225.36	222.02	219.73	221.93	218.64	229.93	227.63	231.08	233.33	230.99	234.49
Heating Oil	316.35	319.52	314.77	311.53	314.65	309.98	325.99	322.73	327.62	330.81	327.50	332.46
Brent Fin Last Day	89.53	90.42	89.08	88.16	89.04	87.72	92.25	91.33	92.71	93.62	92.68	94.08

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