

**Fundamentals:**

Oil futures gave up early gains on Wednesday, extending their losses into a third consecutive session as concerns over an economic slowdown boosted prospects for a surplus in crude supplies.

West Texas Intermediate settled below \$81, at the lowest in two months, after a volatile session that saw prices swing in a \$3 range. American citizens and foreign nationals will be able to exit Gaza, which is the first such development since Israel began its ground invasion. The announcement helped erase the war's risk premium.

Fundamentally, crude is also seeing bearish headwinds as US stockpiles rose both nationwide and at the nation's largest storage hub in Cushing, Oklahoma. WTI's prompt spread narrowed to as low as 33 cents, a sign traders have less concern about the immediate availability of barrels. The US benchmark also crossed beneath its 100-day moving average for the first time since July, a bearish technical sign that may trigger more selling.

Meanwhile, Israeli forces continued moving gradually into the Gaza Strip, with the army reporting its first casualties since the start of the land assault. Iran renewed a call for an oil embargo of Israel by Muslim countries. Some foreigners and Palestinians were allowed to leave Gaza for the first time since Israel began its ground invasion on Wednesday.

Away from the war, data on global demand remained mixed. US consumption hit the highest level in four years in August. But manufacturing in China, the world's biggest oil importer, fell back into contraction last month, while BP Plc said global gasoline and diesel markets are oversupplied.

Separately, U.S. data released Wednesday showed a closely watched index that measures U.S. manufacturing activity fell 2.3 points to 46.7 in October, the lowest levels since July, according to the Institute for Supply Management.

Meanwhile, commodity analysts at Goldman Sachs said in a Wednesday note that the market for crude will continue to tighten, and backed up their forecast for Brent to hit \$100 a barrel by June.

They said that spare capacity, however, meant that Brent was unlikely to "sustainably overshoot" \$105 a barrel in 2024, which is the top end of their expected \$80-to-\$105 a barrel range for OPEC sweet crude spot prices.

The market "may become very tight in a more distant future," they said, but "productivity and oil-demand trends will be critical too."

US natural gas futures declined as warmer weather is expected in the southern half of the US after a cold snap boosted expectations for higher demand for the heating and power-plant fuel and sent natural gas futures soaring on Monday.

(Source: Bloomberg)

**Energy Table**

Contract	Sett	Chg	High	Low
Nymex Crude Oil	DEC 23 80.44	-0.10	83.42	80.30
Natural Gas	DEC 23 3.494	-0.088	3.608	3.428
RB Gasoline	DEC 23 218.55	-2.28	228.50	218.22
Heating Oil	DEC 23 296.15	5.83	300.03	290.99
Brent, Fin Last Day, JAN 24	85.01	-0.01	87.22	84.56
US Dollar Index	106.68	0.018	107.113	106.613

**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	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	-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
11/01/2023 22:30	DOE U.S. Crude Oil Inventories	Oct-27	--	1372k
11/01/2023 22:30	DOE Cushing OK Crude Inventory	Oct-27	--	213k
11/01/2023 22:30	DOE U.S. Gasoline Inventories	Oct-27	--	156k
11/01/2023 22:30	DOE U.S. Distillate Inventory	Oct-27	--	-1686k
11/01/2023 22:30	DOE U.S. Refinery Utilization	Oct-27	--	-0.50%
11/01/2023 22:30	DOE Crude Oil Implied Demand	Oct-27	--	19017
11/01/2023 22:30	DOE Gasoline Implied Demand	Oct-27	--	9695.9
11/01/2023 22:30	DOE Distillate Implied Demand	Oct-27	--	5089.9
11/02/2023 22:30	EIA Natural Gas Storage Change	Oct-27	--	74
11/02/2023 22:30	EIA Working Natural Gas Implied Flow	Oct-27	--	74
11/04/2023 01:00	Baker Hughes U.S. Rotary Oil Rigs	Nov-03	--	504
11/04/2023 01:00	Baker Hughes U.S. Rotary Gas Rigs	Nov-03	--	117
11/04/2023 01:00	Baker Hughes U.S. Rig Count	Nov-03	--	625

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



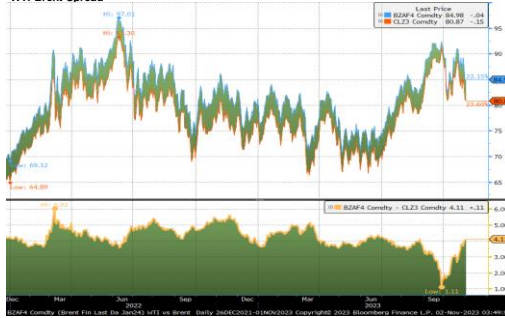
Normalized RBOB Gasoline minus Nymex Crude Oil Price



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



WTI-Brent Spread

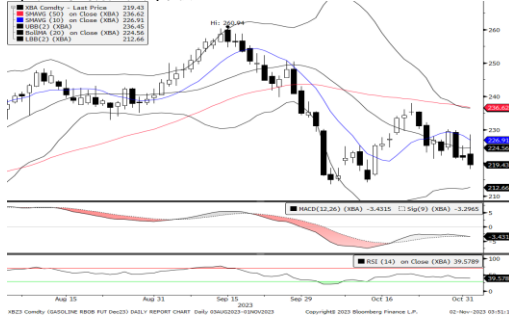


Source: Bloomberg

**Nymex Crude Daily Chart**



**Nymex RBOB Gasoline Daily Chart**



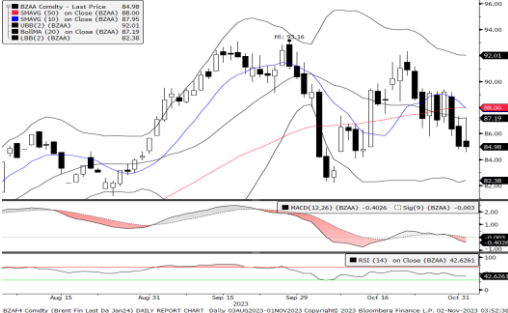
**Nymex Natural Gas Daily Chart**



**Nymex Heating Oil Daily Chart**



**Nymex Brent Last Day Daily Chart**



**Technical Analysis**

Crude Oil	Natural Gas	Gasoline
1st Resistance: 81.65	1st Resistance: 3.546	1st Resistance: 221.83
2nd Resistance: 82.85	2nd Resistance: 3.599	2nd Resistance: 225.11
1st Support: 79.23	1st Support: 3.442	1st Support: 215.27
2nd Support: 78.03	2nd Support: 3.389	2nd Support: 211.99
MACD: -0.776	MACD: 0.001	MACD: -3.430
MACD DIFF: -0.548	MACD DIFF: 0.009	MACD DIFF: -0.134
RSI: 40.889	RSI: 52.369	RSI: 39.595

Heating Oil	Brent Fin Last Day
1st Resistance: 300.59	1st Resistance: 86.29
2nd Resistance: 305.03	2nd Resistance: 87.56
1st Support: 291.71	1st Support: 83.73
2nd Support: 287.27	2nd Support: 82.46
MACD: -2.128	MACD: -0.400
MACD DIFF: -0.779	MACD DIFF: -0.398
RSI: 47.931	RSI: 42.691

**Strategy**

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Crude Oil	79.23	80.03	78.84	78.03	78.81	77.64	81.65	80.83	82.05	82.85	82.02	83.27
Natural Gas	3.442	3.476	3.424	3.389	3.423	3.372	3.546	3.511	3.564	3.599	3.563	3.617
Gasoline	215.27	217.42	214.20	211.99	214.11	210.93	221.83	219.61	222.94	225.11	222.86	226.23
Heating Oil	291.71	294.62	290.25	287.27	290.14	285.83	300.59	297.59	302.10	305.03	301.98	306.56
Brent Fin Last Day	83.73	84.57	83.32	82.46	83.28	82.05	86.29	85.42	86.72	87.56	86.68	88.00

Kenanga Futures Sdn Bhd (353603-X)

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

Disclaimer: This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness.

Any recommendation contained in this document does not have regard to the specific investment objectives, financial background and the particular needs of any person who may read this document.

This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement and assessment by addressees in relation to any investment decision.

Kenanga Futures Sdn Bhd accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities/underlying securities.

Kenanga Futures Sdn Bhd and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities/underlying securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.