

Fundamentals:

Oil extended declines as traders digested multiple indicators of weakening demand and braced for more clues from Federal Reserve officials on the path for interest rates.

Global benchmark Brent dropped more than 2% on an intraday basis on Wednesday, briefly dipping below \$80 a barrel for the first time since July, before rebounding. US benchmark West Texas Intermediate declined as much as 2.5% to below \$76 a barrel, following a 4.3% decline on Tuesday.

As the risk premium from the Israel-Hamas has faded in recent weeks, traders' focus has shifted to demand, which has shown signs of softening. In China — the world's biggest crude importer — refining margins are shrinking, oil and fuel stockpiles are swelling and air travel still has yet to rebound sharply. In the wider economy, business and consumer confidence remain low despite government efforts to juice growth.

Economic data from China "further soured the mood and contributed to yesterday's sharp falls," said Craig Erlam, senior market analyst at Oanda. "The focus is clearly shifting from undersupply to weak demand, and central banks insisting that rates must remain high could further exacerbate that."

In the US, government data indicate that American gasoline demand will fall to a 20-year low next year on a per-capita basis, with prices at the pump and inflation likely reducing discretionary driving. On the supply front, Russian shipments are running near a four-month high, while industry data showed US crude stockpiles increased by almost 12 million barrels last week.

Meanwhile, Fed Chair Jerome Powell is leading a raft of US central bankers speaking at a conference in Washington on Wednesday, potentially providing signals on the path for interest rates.

The growing bearishness is also being reflected in the futures curve, where the premium for near-term barrels has all but vanished. The price difference between WTI's two nearest contracts briefly collapsed to parity on Wednesday. That compares with a bullish backwardation structure of more than \$1.75 last month.

Crude inventories at the key hub in Cushing, Oklahoma, increased by 1.1 million barrels last week, the industry-funded American Petroleum Institute reported Tuesday, according to people familiar. That would be the biggest increase since June if confirmed. The Energy Information Administration won't publish official data on Wednesday, releasing two weeks' worth on Nov. 15.

However, OPEC+ said it was still positive on the demand outlook as it prepares for its next ministerial meeting. Saudi Arabia and Russia may decide whether to extend voluntary supply cuts into 2024 at the gathering in the final weekend of November.

Natural gas futures fell for the third consecutive session, losing 1.1% to \$3.106/mmBtu. Analysts surveyed by The Wall Street Journal estimate that US natural gas stockpiles decreased by 6.5 billion cubic feet last week, when cold weather likely boosted demand for heating. The EIA has delayed its weekly inventory report, so last week's figures won't be known until November 16, but even if the estimated withdrawal is confirmed, prices could remain under pressure.

(Source: Bloomberg)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil	DEC 23 75.33	-1.76	77.53	74.91
Natural Gas	DEC 23 3.106	0.001	3.188	3.058
RB Gasoline	DEC 23 212.85	-3.17	217.75	212.20
Heating Oil	DEC 23 274.92	-8.77	283.65	274.25
Brent, Fin Last Day, JAN 24	79.78	-1.83	81.93	79.16
US Dollar Index	105.53	-0.014	105.872	105.449

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
11/04/2023 01:00	Baker Hughes U.S. Rotary Oil Rigs	Nov-03	--	496
11/04/2023 01:00	Baker Hughes U.S. Rotary Gas Rigs	Nov-03	--	118
11/04/2023 01:00	Baker Hughes U.S. Rig Count	Nov-03	--	618
11/11/2023 02:00	Baker Hughes U.S. Rotary Oil Rigs	Nov-10	--	496
11/11/2023 02:00	Baker Hughes U.S. Rotary Gas Rigs	Nov-10	--	118
11/11/2023 02:00	Baker Hughes U.S. Rig Count	Nov-10	--	618

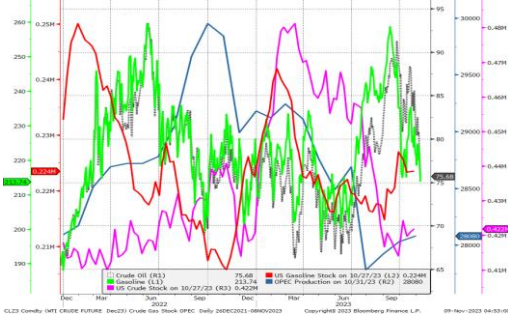
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



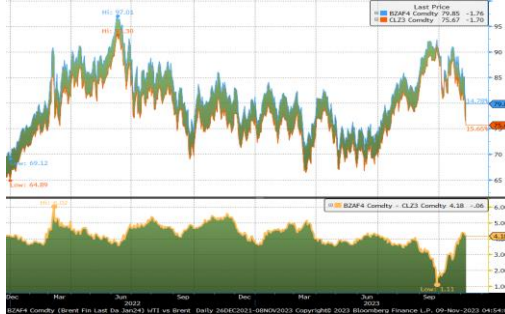
Normalized RBOB Gasoline minus Nymex Crude Oil Price



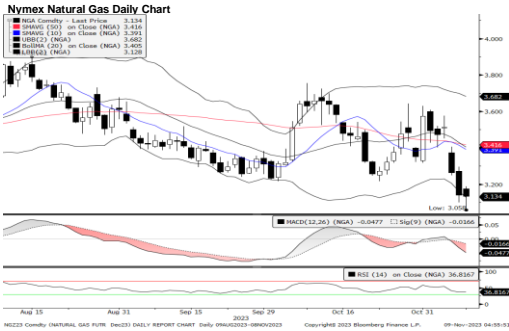
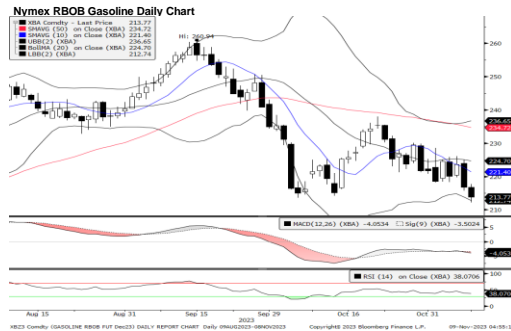
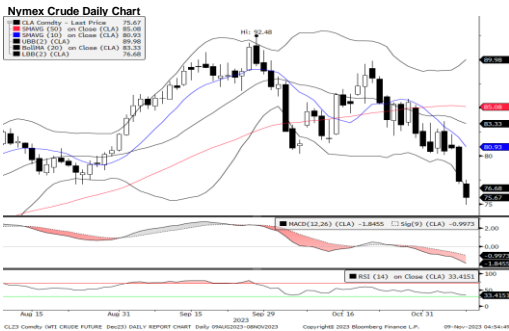
Total OPEC Crude Oil Production vs Nymex Crude Oil & Gasoline Price & Inventory



WTI-Brent Spread



Source: Bloomberg



Technical Analysis

Crude Oil			Natural Gas			Gasoline					
1st Resistance:	76.46	2nd Resistance:	77.59	1st Resistance:	3.153	2nd Resistance:	3.199	1st Resistance:	216.04	2nd Resistance:	219.24
1st Support:	74.20	2nd Support:	73.07	1st Support:	3.059	2nd Support:	3.013	1st Support:	209.66	2nd Support:	206.46
MACD:	-1.850	MACD DIFF:	-0.852	MACD:	-0.047	MACD DIFF:	-0.031	MACD:	-4.067	MACD DIFF:	-0.562
RSI:	33.330	RSI:	37.144	RSI:	37.955						
Heating Oil			Brent Fin Last Day								
1st Resistance:	279.04	2nd Resistance:	283.17	1st Resistance:	80.98	2nd Resistance:	82.17				
1st Support:	270.80	2nd Support:	266.67	1st Support:	78.58	2nd Support:	77.39				
MACD:	-4.076	MACD DIFF:	-1.826	MACD:	-1.409	MACD DIFF:	-0.786				
RSI:	34.645	RSI:	34.215								

Strategy												
Crude Oil	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Natural Gas	74.20	74.94	73.83	73.07	73.80	72.70	76.46	75.70	76.84	77.59	76.81	77.98
Gasoline	209.66	211.75	208.61	206.46	208.53	205.43	216.04	213.88	217.12	219.24	217.04	220.33
Heating Oil	270.80	273.50	269.44	266.67	269.34	265.34	279.04	276.25	280.44	283.17	280.34	284.58
Brent Fin Last Day	78.58	79.37	78.19	77.39	78.16	77.00	80.98	80.17	81.38	82.17	81.35	82.58

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