

Fundamentals:

Oil prices rose 3% to a one-week high on Wednesday as hopes for an improved global economic outlook and concern over the impact of sanctions on Russian crude output outweighed a massive surprise build in U.S. crude stocks.

Brent futures rose \$2.57, or 3.2%, to settle at \$82.67 a barrel. U.S. West Texas Intermediate (WTI) crude rose \$2.29, or 3.1%, to settle at \$77.41.

Both benchmarks settled at their highest since Dec. 30, with WTI up for a fifth day in a row for the first time since October and Brent up for a third day in a row for the first time since December.

Global equities were up on hopes that U.S. inflation and earnings figures due on Thursday will indicate a resilient economy and result in a slower pace of interest rate hikes.

If inflation comes in below expectations, that would drive the dollar lower, analysts said, which could boost oil demand because it makes crude cheaper for buyers holding other currencies.

The Federal Reserve will likely hike its target interest rate for the last time at its Jan. 31 Feb. 1 monetary policy meeting, raising it by 50 basis points (bps) to a range of 4.75%-5.00%, HSBC said in a research note.

Much of the market's optimism was pinned on top oil importer China's reopening of its economy after the end of strict COVID-19 curbs.

China's overall passenger vehicle sales are estimated to rise 5% in 2023, Volkswagen AG's China President Ralf Brandstätter told Chinese media.

China's industrial output is expected to have grown 3.6% in 2022 from the previous year, the Ministry of Industry and Information Technology (MIIT) said, despite production and logistics disruptions from COVID-19 curbs.

The U.S. Energy Information Administration (EIA) said crude inventories jumped by 19.0 million barrels last week, the third biggest weekly gain ever and the most since stocks rose by a record 21.6 million barrels in Feb 2021. Last week's increase came as refiners were slow to restore production after a cold freeze shut operations in late 2022.

Analysts polled by Reuters had forecast a 2.2 million-barrel decline in crude stocks, and industry data from the American Petroleum Institute (API) showing a 14.9 million-barrel build.

EIA this week forecast U.S. crude production will reach all-time highs in 2023 and 2024.

An international price cap imposed on sales of Russian crude took effect on Dec. 5 and more curbs aimed at products sales are set to come into force next month as the European Union (EU) keeps working on more sanctions against Moscow over the invasion of Ukraine.

EIA said the upcoming EU ban on seaborne imports of petroleum products from Russia on Feb. 5 could be more disruptive than the EU ban on seaborne imports of crude oil from Russia implemented in December 2022.

Russian Deputy Prime Minister Alexander Novak said the country's oil producers have had no difficulties in securing export deals despite Western sanctions and price caps.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil FEB 23	77.41	2.61	77.84	74.31
Natural Gas FEB 23	3.671	0.057	3.777	3.422
RB Gasoline FEB 23	245.45	10.32	244.08	230.05
Heating Oil FEB 23	321.79	5.27	324.88	309.44
Brent Fin Last Day MAR 23	82.96	2.86	82.97	79.30
US Dollar Index	103.24	0.003	103.482	103.111

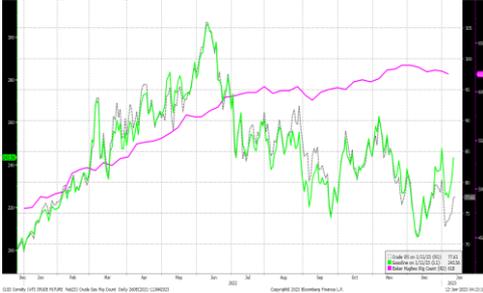
Bloomberg Survey on U.S. Total Change in Inventories

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventories
06/01/2023	18961	-2000	4114	750	12200	439607
30/12/2022	1694	1500	-346	-1000	12100	420646
23/12/2022	718	-1200	-3105	500	12000	418952
16/12/2022	-5895	2500	2530	2000	12100	418234
09/12/2022	10231	-3500	4496	2500	12100	424129
02/12/2022	-5186	-3418	5319	2474	12200	413898
25/11/2022	-12581	-3123	2770	2250	12100	419084
18/11/2022	3058	-2614	3058	1150	12100	431665
11/11/2022	-5400	-1900	2207	200	12100	435355
04/11/2022	3925	250	-900	-1450	12100	440755
28/10/2022	-3115	-200	-1257	-1000	11900	436830
21/10/2022	2588	1500	-1478	-1500	12000	439945

Fundamental Data:

Event	Period	Avg Survey	Actual	Prior
01/11/2023 01:00	STEO Fwd Yr Dry Nat Gas Forecast	Jan	--	102.29
01/11/2023 01:00	STEO Curr Yr Dry Nat Gas Forecast	Jan	--	100.34
01/11/2023 01:00	STEO Fwd Yr Crude Forecast	Jan	--	12.81
01/11/2023 01:00	STEO Current Yr Crude Forecast	Jan	--	12.41
01/11/2023 23:30	DOE U.S. Crude Oil Inventories	Jan-06	-2000k	18961k
01/11/2023 23:30	DOE Cushing OK Crude Inventory	Jan-06	--	2511k
01/11/2023 23:30	DOE U.S. Gasoline Inventories	Jan-06	750k	4114k
01/11/2023 23:30	DOE U.S. Distillate Inventory	Jan-06	-1350k	-1069k
01/11/2023 23:30	DOE U.S. Refinery Utilization	Jan-06	4.50%	4.50%
01/11/2023 23:30	DOE Crude Oil Implied Demand	Jan-06	--	15841
01/11/2023 23:30	DOE Gasoline Implied Demand	Jan-06	--	8425.3
01/11/2023 23:30	DOE Distillate Implied Demand	Jan-06	--	4905.7
01/12/2023 23:30	EIA Natural Gas Storage Change	Jan-06	-10	--
01/12/2023 23:30	EIA Working Natural Gas Implied Flow	Jan-06	-10	--
01/14/2023 02:00	Baker Hughes U.S. Rotary Oil Rigs	Jan-13	--	618
01/14/2023 02:00	Baker Hughes U.S. Rotary Gas Rigs	Jan-13	--	152
01/14/2023 02:00	Baker Hughes U.S. Rig Count	Jan-13	--	772

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 Natural Gas Daily Chart



Nymex Brent Last Day Daily Chart



Nymex RBOB Gasoline Daily Chart



Nymex Heating Oil Daily Chart



Technical Analysis

Crude Oil	Natural Gas	Brent Fin Last Day	Gasoline	Heating Oil
1st Resistance: 78.57	1st Resistance: 3.726	1st Resistance: 84.20	1st Resistance: 247.10	1st Resistance: 326.62
1st Support: 76.25	1st Support: 3.616	1st Support: 81.72	1st Support: 239.80	1st Support: 316.96
MACD: -0.783	MACD: -0.662	MACD: -0.882	MACD: 1.574	MACD: -1.410
MACD DIFF: 0.066	MACD DIFF: -0.091	MACD DIFF: 0.112	MACD DIFF: 1.134	MACD DIFF: 0.409
RSI: 52.050	RSI: 31.012	RSI: 52.114	RSI: 59.296	RSI: 53.400
2nd Resistance: 79.73	2nd Resistance: 3.781	2nd Resistance: 85.45	2nd Resistance: 250.75	2nd Resistance: 331.44
2nd Support: 75.09	2nd Support: 3.561	2nd Support: 80.47	2nd Support: 236.15	2nd Support: 312.14

Strategy

	Long	Profit target:	Stop-loss:	Long	Profit target:	Stop-loss:	Short: Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Crude Oil	76.25	77.01	75.87	75.09	75.84	74.71	78.57	77.79	78.96	79.73	80.13
Natural Gas	3.616	3.652	3.598	3.561	3.596	3.543	3.726	3.689	3.745	3.781	3.800
Gasoline	239.80	242.20	238.60	236.15	238.51	234.97	247.10	244.63	248.34	250.75	252.01
Heating Oil	316.96	320.13	315.38	312.14	315.26	310.58	326.62	323.35	328.25	331.44	333.10
Brent Fin Last Day	81.72	82.53	81.31	80.47	81.28	80.07	84.20	83.36	84.63	85.45	85.88

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