

Fundamentals:

Oil prices rose 2% on Wednesday, after a large unexpected drawdown in U.S. crude inventories and a warning from the Saudi energy minister that raised the prospect of further OPEC+ production cuts.

Brent crude futures rose \$1.52, or 2%, to settle at \$78.36 a barrel. U.S. West Texas Intermediate crude (WTI) gained \$1.43, or 2%, to \$74.34.

U.S. crude inventories posted a massive surprise weekly drawdown of 12.5 million barrels to 455.2 million barrels, the Energy Information Administration said, as imports declined. Analysts had expected an 800,000-barrel rise.

U.S. gasoline stocks dropped by 2.1 million barrels in the week to 216.3 million barrels, the EIA said, while distillate stockpiles fell by 600,000 barrels to 105.7 million barrels.

The U.S. Memorial Day holiday on May 29 marks the beginning of the peak summer travel season and higher fuel demand.

Federal Reserve officials "generally agreed" last month that the need for further interest rate increases "had become less certain," with several saying that the quarter-percentage-point hike they approved might be the last, according to minutes of the May 2-3 meeting released on Wednesday.

Meanwhile, Saudi Arabia's energy minister said short-sellers betting oil prices will fall should "watch out" for pain, comments some investors took as a signal that OPEC+, the Organization of Petroleum Exporting Countries and allies including Russia, could consider further output cuts at a meeting on June 4.

Weighing on broader markets, there were no signs of progress in U.S. debt ceiling talks as the deadline ticked closer to raise the federal government's borrowing limit or risk default. MKTS/GLOB

Negotiators for Democratic President Joe Biden and top congressional Republican Kevin McCarthy reconvened at the White House to try to close a deal.

Oil price gains were limited by news that Britain's stubbornly high inflation rate fell by less than expected last month, according to official data that raised the chances of more interest rate hikes.

U.S. natural gas futures gained about 3% on Wednesday on forecasts for cooler weather this week and warmer weather next week that should boost demand more than previously expected through early June.

Gas prices also gained support from low amounts of wind power in recent weeks that have forced power generators to burn more gas to produce electricity.

That price increase came despite record U.S. gas output and the return of Canadian exports to levels seen before wildfires in Alberta and other western provinces forced energy firms to shut-in some oil and gas production over the past three weeks.

Front-month gas futures for June delivery on the New York Mercantile Exchange rose 7.7 cents, or 3.3%, to settle at \$2.398 per million British thermal units (mmBtu). On Tuesday, the contract closed at its lowest since May 12.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low	
Nymex Crude Oil	JUL 23 74.34	1.06	74.73	73.13	
Natural Gas	JUN 23 2.398	0.082	2.412	2.317	
RB Gasoline	JUN 23 272.12	4.51	272.69	266.20	
Heating Oil	JUN 23 241.37	4.32	242.00	237.50	
Brent Fin Last Day	JUL 23 78.08	1.24	78.66	77.04	
US Dollar Index		103.88	0.392	103.913	103.354

Bloomberg Survey on U.S. Total Change in Inventories

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventories
19/5/2023	-12456	2000	-2053	-1600	12300	455168
12/5/2023	5040	-2000	-1381	-2000	12200	467624
5/5/2023	2951	-2500	-3167	-1500	12300	462594
28/4/2023	-1281	-500	1742	-1500	12300	459633
21/4/2023	-5054	-1500	-2408	-1500	12200	460914
14/4/2023	-4581	-250	1299	-1250	12300	465968
7/4/2023	597	-1050	-330	-1900	12300	470549
31/3/2023	-4119	-1700	-4119	-2000	12200	469952
24/3/2023	-7489	1750	-2904	-2250	12200	473691
17/3/2023	1117	-1800	-6399	-2364	12300	481180
10/3/2023	1550	1500	-2061	-1617	12200	480063
3/3/2023	-1694	1600	-1134	-2000	12200	478513

Fundamental Data:

Event	Period	Avg Survey	Actual	Prior
05/24/2023 22:30	DOE U.S. Crude Oil Inventories	May-19 2000k	-12456k	5040k
05/24/2023 22:30	DOE Cushing OK Crude Inventory	May-19 --	1762k	1461k
05/24/2023 22:30	DOE U.S. Gasoline Inventories	May-19 -1600k	-2053k	-1381k
05/24/2023 22:30	DOE U.S. Distillate Inventory	May-19 500k	-561k	80k
05/24/2023 22:30	DOE U.S. Refinery Utilization	May-19 0.006	-0.003	1.00%
05/24/2023 22:30	DOE Crude Oil Implied Demand	May-19 --	19929	18340
05/24/2023 22:30	DOE Gasoline Implied Demand	May-19 --	10147.1	9838.4
05/24/2023 22:30	DOE Distillate Implied Demand	May-19 --	5111.1	4972.6
05/25/2023 22:30	EIA Natural Gas Storage Change	May-19 100	--	99
05/25/2023 22:30	EIA Working Natural Gas Implied Flow	May-19 100	--	99
05/27/2023 01:00	Baker Hughes U.S. Rotary Oil Rigs	May-26 572	--	575
05/27/2023 01:00	Baker Hughes U.S. Rotary Gas Rigs	May-26 --	--	141
05/27/2023 01:00	Baker Hughes U.S. Rig Count	May-26 --	--	720

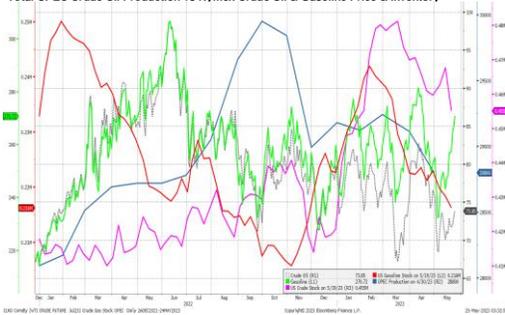
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



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: 75.46	2nd Resistance: 76.57	Natural Gas	1st Resistance: 2.434	2nd Resistance: 2.470	Gasoline	1st Resistance: 276.20	2nd Resistance: 280.28
	1st Support: 73.22	2nd Support: 72.11		1st Support: 2.362	2nd Support: 2.326		1st Support: 268.04	2nd Support: 263.96
	MACD: -0.849			MACD: 0.009			MACD: 1.918	
	MACD DIFF: 0.359			MACD DIFF: 0.024			MACD DIFF: 3.282	
	RSI: 51.897			RSI: 51.600			RSI: 65.093	
Heating Oil	1st Resistance: 244.99	2nd Resistance: 248.61	Brent Fin Last Day	1st Resistance: 79.25	2nd Resistance: 80.42			
	1st Support: 237.75	2nd Support: 234.13		1st Support: 76.91	2nd Support: 75.74			
	MACD: -2.740			MACD: -0.876				
	MACD DIFF: 1.316			MACD DIFF: 0.389				
	RSI: 49.762			RSI: 52.162				

Strategy

	Long:	Profit target:	Stop-loss:	Long:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:	Short:	Profit target:	Stop-loss:
Crude Oil	73.22	73.96	72.86	72.11	72.83	71.75	75.46	74.70	75.83	76.57	75.80	76.95
Natural Gas	2.362	2.386	2.350	2.326	2.349	2.314	2.434	2.410	2.446	2.470	2.445	2.482
Gasoline	268.04	270.72	266.70	263.96	266.60	262.64	276.20	273.44	277.58	280.28	277.48	281.69
Heating Oil	237.75	240.13	236.56	234.13	236.47	232.96	244.99	242.54	246.22	248.61	246.12	249.85
Brent Fin Last Day	76.91	77.68	76.52	75.74	76.49	75.36	79.25	78.46	79.65	80.42	79.62	80.82

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.