

Fundamentals:

Oil futures fell more than \$1 a barrel on Monday as expectations rose the U.S. and Venezuela could soon reach a deal easing sanctions on Venezuelan crude exports, while traders said the Israel-Hamas conflict did not appear to threaten oil supplies in the short term.

Brent crude futures settled at \$89.65 a barrel, down \$1.24, or 1.4%. U.S. West Texas Intermediate crude (WTI) fell \$1.03, or 1.2%, to finish at \$86.66 a barrel.

Venezuela's government and opposition will return to political negotiations this week after nearly a year, the two sides said, while sources said the U.S. has reached a preliminary deal to ease sanctions on Venezuela's oil industry in return for a competitive, monitored presidential election in Venezuela next year.

Both oil benchmarks had surged last week on fears the conflict in the Middle East could widen, with global benchmark Brent gaining 7.5% in its highest weekly gain since February.

Traders said the war between Israel and the Palestinian Islamist militant group Hamas so far remained focused in the Gaza Strip.

Israeli air strikes on Gaza intensified on Monday, after diplomatic efforts by the U.S. to arrange a ceasefire in southern Gaza failed.

Russia has also entered the diplomatic fray, with President Vladimir Putin set to hold talks with Iran, Israel, Palestinians, Syria and Egypt.

Heightened tensions in the Middle East may have compounded other risk factors to push prices higher last week, market sources said.

The U.S. last week imposed 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 deprive Moscow of revenue for its energy sales.

U.S. natural gas futures fell about 4% to a fresh one-week low on Monday on record output, a drop in gas prices in Europe, the end of last week's technical short squeeze and forecasts for mild U.S. weather through late October that should keep heating and cooling demand low.

Front-month gas futures for November delivery on the New York Mercantile Exchange (NYMEX) fell 12.7 cents, or 3.9%, to settle at \$3.109 per million British thermal units (mmBtu), their lowest close since Oct. 4.

That put the contract down for a fourth day in a row for the first time since early September.

In Europe, gas prices at the Title Transfer Facility (TTF) benchmark in the Netherlands dropped about 12% to around \$15 per mmBtu as high inventories and ample LNG flows ease supply concerns.

Even though the U.S. front-month lost about 3% last week, speculators boosted their net long futures and options position on the New York Mercantile and Intercontinental Exchanges to their highest since May 2022, according to the U.S. Commodity Futures Trading Commission's Commitments of Traders report.

The jump in net longs, however, came as a short squeeze last week boosted prices to an eight-month high, prompting speculators to close out 77,345 NYMEX shorts, according to the CFTC report.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil NOV 23	86.66	-1.03	88.33	86.32
Natural Gas NOV 23	3.109	-0.127	3.185	3.053
RB Gasoline NOV 23	227.30	0.77	229.27	226.17
Heating Oil NOV 23	314.92	-6.25	325.15	314.15
Brent Fin Last Day DEC 23	89.65	-1.24	91.39	89.49
US Dollar Index	106.21	-0.443	106.627	106.184

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	416237
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
10/18/2023 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	--	-1.60%
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
10/18/2023 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

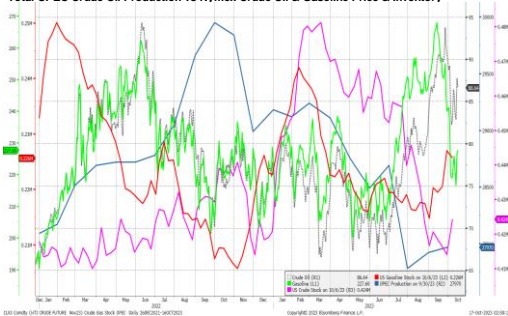
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



Normalized RBOB Gasoline minus Nymex Crude Oil Price



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

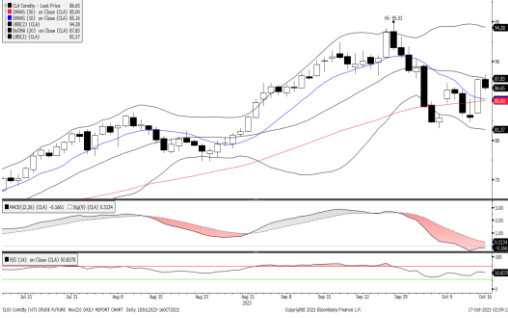


WTI-Brent Spread



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: 87.96	2nd Resistance: 89.26	Natural Gas	1st Resistance: 3156	2nd Resistance: 3.202	Gasoline	1st Resistance: 230.71	2nd Resistance: 234.12
	1st Support: 85.36	2nd Support: 84.06		1st Support: 3.062	2nd Support: 3.016		1st Support: 223.89	2nd Support: 220.48
	MACD: -0.166			MACD: 0.069			MACD: -8.098	
	MACD DIFF: -0.478			MACD DIFF: 0.025			MACD DIFF: -1.134	
	RSI: 50.854			RSI: 49.782			RSI: 40.385	
Heating Oil	1st Resistance: 319.64	2nd Resistance: 324.37	Brent Fin Last Day	1st Resistance: 90.99	2nd Resistance: 92.34			
	1st Support: 310.20	2nd Support: 305.47		1st Support: 86.31	2nd Support: 86.96			
	MACD: -1.733			MACD: -0.224				
	MACD DIFF: -0.383			MACD DIFF: -0.254				
	RSI: 52.141			RSI: 52.423				

Strategy

Crude Oil	Long: 85.36	Profit target: 85.21	Stop-loss: 84.93	Long: 84.06	Profit target: 84.90	Stop-loss: 83.64	Short: 87.96	Profit target: 87.08	Stop-loss: 88.40	Short: 89.26	Profit target: 88.37	Stop-loss: 89.71
Natural Gas	3.062	3.093	3.047	3.016	3.046	3.001	3.156	3.124	3.171	3.202	3.170	3.218
Gasoline	223.89	226.13	222.77	220.48	222.69	219.38	230.71	228.40	231.86	234.12	231.78	235.29
Heating Oil	310.20	313.30	308.65	305.47	308.53	303.95	319.64	316.45	321.24	324.37	321.12	325.99
Brent Fin Last Day	88.31	89.19	87.86	86.96	87.83	86.53	90.99	90.08	91.45	92.34	91.42	92.80

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