

**Fundamentals:**

Oil prices tumbled more than \$2 a barrel on Monday to multi-month lows, as investors worried about the demand outlook and took a complicated OPEC+ output decision as a sign that members of the producer group were eager to export more crude.

OPEC+ on Sunday agreed to extend most of its deep oil output cuts into 2025 but left room for voluntary cuts from eight core members to be gradually unwound from October onwards. The group also agreed to a new output target for the United Arab Emirates, which has been pushing for higher quota.

"There's a lack of clarity and the market is concluding, with the top-up in UAE production, that there is discord within the group amid a push to produce and export more oil," said John Kiduff, partner at Again Capital.

Brent crude futures fell by \$2.81, or 3.5%, to \$78.30 a barrel by 1:30 p.m. ET (1730 GMT). U.S. West Texas Intermediate crude futures were \$2.85, or 3.7%, lower at \$74.14 a barrel. Both contracts hit their lowest since early February.

Other analysts also called the group's decision incrementally bearish for oil prices in light of high interest rates and rising output from non-OPEC producers like the U.S.

"Ultimately, a combination of factors has come into play," independent oil analyst Gaurav Sharma said, highlighting disappointing economic indicators in the U.S. and China.

"So, when OPEC+ took the decision it did over the weekend, in a reasonably well-supplied crude market, traders factored in the macro picture alongside a dwindling risk premium (with talk of a ceasefire in Gaza) and went net short," Sharma said.

An aide to the Israeli Prime Minister confirmed on Sunday that Israel had accepted a framework deal being advanced by the U.S. for winding down the Gaza war, although the Israeli side described it as a flawed deal.

Signs of weakening demand growth have also weighed on oil prices in recent months, with data on U.S. fuel consumption in focus.

The U.S. Energy Information Administration will release estimates of oil stocks and fuel demand on Wednesday, which will show how much gasoline was consumed around the Memorial Day weekend, the start to U.S. driving season.

"The hard numbers are that the market is well-supplied," Kiduff said. "If we do not get a spectacular number on Memorial Day in the U.S., that's going to be game over," he added.

U.S. gasoline futures were down over 3% on Monday to an over three-month low of \$2.34 a gallon.

U.S. natural gas futures soared about 7% to a one-week high on Monday on forecasts for demand to rise as hot weather prompts power generators to burn more fuel to run air conditioners and as flows to liquefied natural gas (LNG) export plants increase.

(Source: Reuters)

**Energy Table**

Contract	Sett	Chg	High	Low	
Nymex Crude Oil	JUL 24	74.22	-2.95	77.52	73.98
Natural Gas	JUL 24	2.756	0.178	2.799	2.628
RB Gasoline	JUL 24	233.56	-8.38	244.00	233.10
Heating Oil	JUL 24	229.62	-9.42	240.06	228.91
Brent Fin Last Day	AUG 24	78.16	-2.95	81.63	78.11
US Dollar Index		104.12	-0.548	104.767	104.121

**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	58	-5960	-262	-1100	12700	439662
4/8/2023	5851	2300	-2661	-200	12600	445622

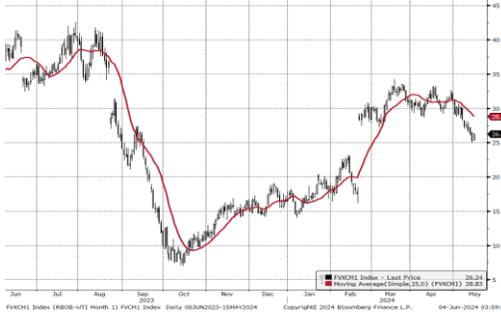
**Fundamental Data:**

Event	Period	Avg Survey	Actual	Prior
06/01/2024 01:00	Baker Hughes U.S. Rig Count	May-31	--	600
06/01/2024 01:00	Baker Hughes U.S. Rotary Gas Rigs	May-31	--	100
06/01/2024 01:00	Baker Hughes U.S. Rotary Oil Rigs	May-31	--	496
06/05/2024 22:30	DOE U.S. Crude Oil Inventories	May-31	--	-4156k
06/05/2024 22:30	DOE Cushing OK Crude Inventory	May-31	--	-1766k
06/05/2024 22:30	DOE U.S. Gasoline Inventories	May-31	--	2022k
06/05/2024 22:30	DOE U.S. Distillate Inventory	May-31	--	2544k
06/05/2024 22:30	DOE U.S. Refinery Utilization	May-31	--	2.60%
06/05/2024 22:30	DOE Crude Oil Implied Demand	May-31	--	20463
06/05/2024 22:30	DOE Gasoline Implied Demand	May-31	--	10102.9
06/05/2024 22:30	DOE Distillate Implied Demand	May-31	--	4831.6
06/06/2024 22:30	EIA Natural Gas Storage Change	May-31	--	84
06/06/2024 22:30	EIA Working Natural Gas Implied Flow	May-31	--	84
06/08/2024 01:00	Baker Hughes U.S. Rig Count	Jun-07	--	600
06/08/2024 01:00	Baker Hughes U.S. Rotary Gas Rigs	Jun-07	--	100
06/08/2024 01:00	Baker Hughes U.S. Rotary Oil Rigs	Jun-07	--	496

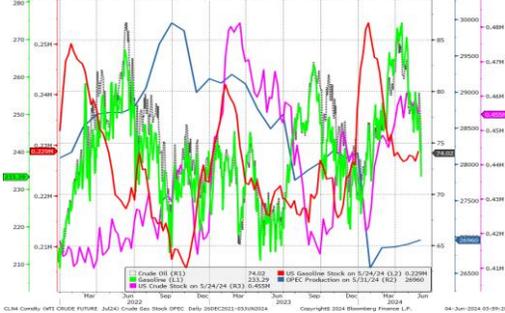
**U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price**



**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:	75.33	1st Resistance:	2.797	1st Resistance:	237.06
1st Support:	73.11	1st Support:	2.715	1st Support:	230.06
MACD:	-0.943	MACD:	0.076	MACD:	-5.112
MACD DIFF:	-0.215	MACD DIFF:	-0.021	MACD DIFF:	-1.019
RSI:	32.128	RSI:	56.112	RSI:	30.304
2nd Resistance: 76.45		2nd Resistance: 2.839		2nd Resistance: 240.57	
2nd Support: 71.99		2nd Support: 2.673		2nd Support: 226.55	

Heating Oil		Brent Fin Last Day	
1st Resistance:	233.06	1st Resistance:	79.33
1st Support:	226.18	1st Support:	76.99
MACD:	-4.474	MACD:	-0.980
MACD DIFF:	-0.918	MACD DIFF:	-0.238
RSI:	26.188	RSI:	31.241
2nd Resistance: 236.51		2nd Resistance: 80.50	
2nd Support: 222.73		2nd Support: 75.62	

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