

Fundamentals:

Oil prices climbed about 2% on Wednesday on a bigger-than-expected weekly drop in U.S. crude stockpiles and as a weaker U.S. dollar overshadowed signs of slower economic growth in China.

Brent futures rose \$1.35, or 1.6%, to \$85.08 a barrel by 1:33 p.m. EDT (1733 GMT), while U.S. West Texas Intermediate (WTI) crude rose \$2.09, or 2.6%, to settle at \$82.85.

On Tuesday, Brent closed at its lowest level since June 14 and WTI at its lowest since June 21.

The premium of Brent over WTI narrowed to around \$3.65 a barrel, the lowest since October 2023. The narrowing spread means energy firms have less reason to spend money to send ships to the U.S. to pick up crude for export.

In the U.S., the Energy Information Administration said energy firms pulled 4.9 million barrels of crude from storage during the week ended July 12.

That compares with the 30,000-barrel decline analysts forecast in a Reuters poll and a drop of 4.4 million barrels in a report from the American Petroleum Institute trade group.

In U.S. refining news, the diesel and 32:1 CL32:1-R crack spreads, which measure refining profit margins, fell to their lowest levels since December 2021 and January 2024, respectively.

A weaker U.S. dollar, DXY, =USD also helped support oil prices after the dollar hit a 17-week low against a basket of major currencies.

A weaker dollar can boost demand for oil by making greenback-denominated commodities like oil cheaper for holders of other currencies.

China, the world's top oil importer, saw its economy grow 4.7% in the second quarter, official data showed earlier this week, the slowest growth since the first quarter of 2023, capping crude price gains.

"Recent data have signaled a slowing of growth in the United States, the euro area, and China," analysts at Citigroup's Citi Research unit said in a report.

"Central banks," they added, "are getting closer to a point where they will have scope to cut rates in earnest."

In the U.S., single-family homebuilding fell to an eight-month low in June amid higher mortgage rates, suggesting the housing market was likely a drag on economic growth in the second quarter.

Top U.S. Federal Reserve officials said on Wednesday the central bank is "closer" to cutting interest rates given inflation's improved trajectory and a labor market in better balance, remarks that set the stage for a first reduction in borrowing costs in September.

The Fed hiked rates aggressively in 2022 and 2023 to tame a surge in inflation. Borrowing costs rose for consumers and businesses, slowing economic growth and reducing demand for oil.

Lower interest rates could boost oil demand.

U.S. natural gas futures fell about 7% to a 10-week low on Wednesday on forecasts for cooler weather over the next two weeks than previously expected and a drop in feedgas to liquefied natural gas (LNG) export plants due primarily to the shutdown of Freeport LNG in Texas for Hurricane Beryl.

(Source: Reuters)

Energy Table

| Contract | Sett | Chg | High | Low | |
|--------------------|---------------|--------|--------|---------|--------|
| Nymex Crude Oil | AUG 24 82.85 | 2.13 | 82.94 | 80.45 | |
| Natural Gas | AUG 24 2.035 | -0.149 | 2.208 | 2.015 | |
| RB Gasoline | AUG 24 250.13 | 2.36 | 250.44 | 245.74 | |
| Heating Oil | AUG 24 249.40 | 2.42 | 250.37 | 245.15 | |
| Brent Fin Last Day | SEP 24 85.07 | 1.34 | 85.18 | 83.44 | |
| US Dollar Index | | 103.77 | -0.503 | 104.294 | 103.65 |

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 | |
|------------------|--------------------------------------|------------|--------|--------|---------|
| 07/17/2024 22:30 | DOE U.S. Crude Oil Inventories | Jul-12 | -1080k | -4870k | -3443k |
| 07/17/2024 22:30 | DOE Cushing OK Crude Inventory | Jul-12 | -- | -875k | -702k |
| 07/17/2024 22:30 | DOE U.S. Gasoline Inventories | Jul-12 | -1230k | 3328k | -2006k |
| 07/17/2024 22:30 | DOE U.S. Distillate Inventory | Jul-12 | 200k | 3454k | 4884k |
| 07/17/2024 22:30 | DOE U.S. Refinery Utilization | Jul-12 | -0.90% | -1.70% | 1.90% |
| 07/17/2024 22:30 | DOE Crude Oil Implied Demand | Jul-12 | -- | 21033 | 20552 |
| 07/17/2024 22:30 | DOE Gasoline Implied Demand | Jul-12 | -- | 9633.4 | 10317.4 |
| 07/17/2024 22:30 | DOE Distillate Implied Demand | Jul-12 | -- | 4843.6 | 4569.3 |
| 07/18/2024 22:30 | EIA Natural Gas Storage Change | Jul-12 | 27 | -- | 65 |
| 07/18/2024 22:30 | EIA Working Natural Gas Implied Flow | Jul-12 | 27 | -- | 65 |
| 07/20/2024 01:00 | Baker Hughes U.S. Rig Count | Jul-19 | -- | -- | 584 |
| 07/20/2024 01:00 | Baker Hughes U.S. Rotary Gas Rigs | Jul-19 | -- | -- | 100 |
| 07/20/2024 01:00 | Baker Hughes U.S. Rotary Oil Rigs | Jul-19 | -- | -- | 478 |

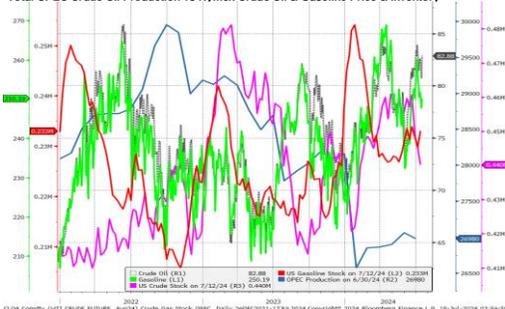
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



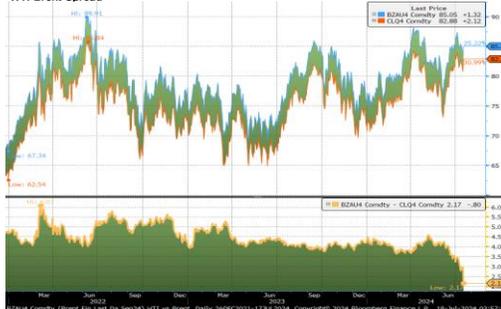
Normalized RBOB Gasoline minus Nymex Crude Oil Price



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

| | | |
|--|--|---|
| <p>Crude Oil</p> <p>1st Resistance: 84.09 2nd Resistance: 85.34</p> <p>1st Support: 81.61 2nd Support: 80.36</p> <p>MACD: 0.851</p> <p>MACD DIFF: -0.155</p> <p>RSI: 58.225</p> | <p>Natural Gas</p> <p>1st Resistance: 2.066</p> <p>1st Support: 2.004</p> <p>MACD: -0.173</p> <p>MACD DIFF: -0.044</p> <p>RSI: 27.871</p> | <p>Gasoline</p> <p>1st Resistance: 253.88 2nd Resistance: 257.63</p> <p>1st Support: 246.38 2nd Support: 242.63</p> <p>MACD: 1.102</p> <p>MACD DIFF: -0.711</p> <p>RSI: 50.596</p> |
| <p>Heating Oil</p> <p>1st Resistance: 253.14 2nd Resistance: 256.88</p> <p>1st Support: 245.66 2nd Support: 241.92</p> <p>MACD: 0.298</p> <p>MACD DIFF: -1.276</p> <p>RSI: 45.776</p> | <p>Brent Fin Last Day</p> <p>1st Resistance: 86.35</p> <p>1st Support: 83.79</p> <p>MACD: 0.523</p> <p>MACD DIFF: -0.229</p> <p>RSI: 53.411</p> | |

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