

Fundamentals:

Brent and U.S. crude oil finished on Monday at a loss, as hopes for Chinese demand faded.

Brent crude settled down 34 cents at \$94.46, a loss of 0.4%. U.S. West Texas Intermediate crude finished at \$80.72 a barrel for a loss of 53 cents or 0.65%. Earlier in the session, both benchmarks had been up by as much as \$1.

Gains in crude prices through the summer were driven by the tight balance between crude oil supply and high demand, especially in the U.S. summer driving season, which ends the first of September, and from Latin America.

At the same time, OPEC led by Saudi Arabia, plus Russia have cut production to better match demand, especially from China, which has yet to meet expectations for post-pandemic recovery.

Saudi Arabia said this month its production would remain around 9 million barrels per day, a cut of about 1 million barrels, through the month of September.

Last week, both front-month benchmark fell 2%, snapping a seven-week winning streak on concerns China's sluggish economic growth will curb oil demand, while the possibility of further increases to U.S. interest rates also overshadows the demand outlook.

China's central bank trimmed its one-year lending rate by 10 basis points and left its five-year rate unmoved. That was a surprise to analysts who had expected cuts of 15 bps to both as recovery in the world's second-largest economy has been slowed by a worsening property slump, weak spending and tumbling credit growth.

Top exporter Saudi Arabia's July shipments to China fell 31% from June while Russia, with its discounted crude, remained the Asian giant's largest supplier, Chinese customs data showed.

China's crude oil imports from Saudi Arabia are expected to remain depressed through the third quarter, analysts said.

China is drawing on record inventories amassed earlier this year as refiners scale back purchases after prices were driven above \$80 a barrel by supply cuts implemented by the OPEC+ group comprising the Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia.

A weaker dollar makes oil purchases less expensive for holders of other currencies, potentially boosting demand.

U.S. natural gas futures gained about 3% on Monday on forecasts that persistent hot weather through early September would keep air conditioning demand high, especially in Texas and other Central U.S. states.

Front-month gas futures for September delivery on the New York Mercantile Exchange rose 8.1 cents, or 3.2%, to settle at \$2.632 per million British thermal units (mmBtu).

Gas futures are down about 41% so far this year, and persistently lower spot prices have weighed in recent months. Next-day gas at the Henry Hub benchmark in Louisiana was trading around \$2.44 per mmBtu for Monday. Spot gas has traded over futures just twice since the end of April.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil SEP 23	80.72	-0.33	82.47	80.61
Natural Gas SEP 23	2.632	0.063	2.660	2.555
RB Gasoline SEP 23	277.26	-4.15	286.38	274.60
Heating Oil SEP 23	311.62	-3.53	319.63	311.00
Brent, Fin Last Day OCT 23	84.51	-0.29	85.87	84.31
US Dollar Index	103.35	-0.029	103.502	103.139

Bloomberg Survey on U.S. Total Change in Inventories

Date	Crude Oil		Gasoline		Crude Oil	
	Actual	Survey	Actual	Survey	Production	Inventory
11/8/2023	-5960	-2500	-262	-1100	12700	439662
4/8/2023	5851	2300	-2661	-200	12600	445622
2/8/2023	-17049	-1050	1481	-1550	12200	439771
21/7/2023	-600	-2250	-786	-1373	12200	456820
14/7/2023	-708	-2500	-1066	-1500	12300	457420
7/7/2023	5946	-50	-4	-1350	12300	458128
30/6/2023	-1508	-2000	-2549	0	12400	452182
23/6/2023	603	-1500	603	1000	12200	453690
16/6/2023	-3831	450	479	800	12200	463293
9/6/2023	7919	-1536	2108	1000	12400	467124
2/6/2023	-452	1500	2745	1000	12400	459205
26/5/2023	4489	-1500	-207	-1100	12200	459657

Fundamental Data:

Event	Period	Avg Survey	Actual	Prior
08/23/2023 22:30 DOE U.S. Crude Oil Inventories	Aug-18	--	--	-5960k
08/23/2023 22:30 DOE Cushing OK Crude Inventory	Aug-18	--	--	-837k
08/23/2023 22:30 DOE U.S. Gasoline Inventories	Aug-18	--	--	-262k
08/23/2023 22:30 DOE U.S. Distillate Inventories	Aug-18	--	--	296k
08/23/2023 22:30 DOE U.S. Refinery Utilization	Aug-18	--	--	0.90%
08/23/2023 22:30 DOE Crude Oil Implied Demand	Aug-18	--	--	20709
08/23/2023 22:30 DOE Gasoline Implied Demand	Aug-18	--	--	9732.3
08/23/2023 22:30 DOE Distillate Implied Demand	Aug-18	--	--	4815.7
08/24/2023 22:30 EIA Natural Gas Storage Change	Aug-18	--	--	35
08/24/2023 22:30 EIA Working Natural Gas Implied Flow	Aug-18	--	--	35
08/26/2023 01:00 Baker Hughes U.S. Rotary Oil Rigs	Aug-25	--	--	520
08/26/2023 01:00 Baker Hughes U.S. Rotary Gas Rigs	Aug-25	--	--	117
08/26/2023 01:00 Baker Hughes U.S. Rig Count	Aug-25	--	--	642

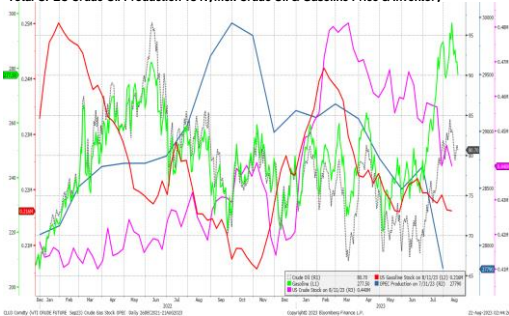
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



Normalized RBOB Gasoline minus Nymex Crude Oil Price



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

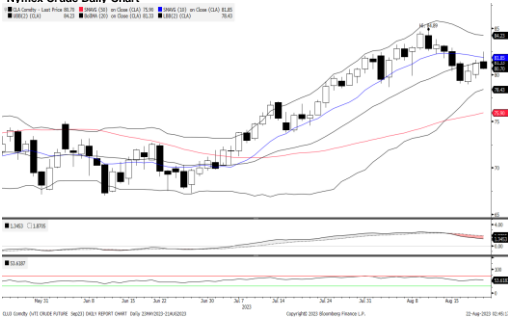


WTI-Brent Spread



Source: Bloomberg

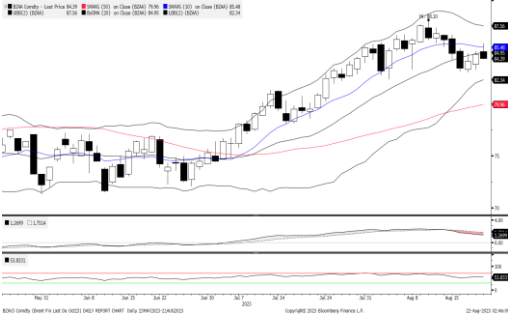
Nymex Crude Daily Chart



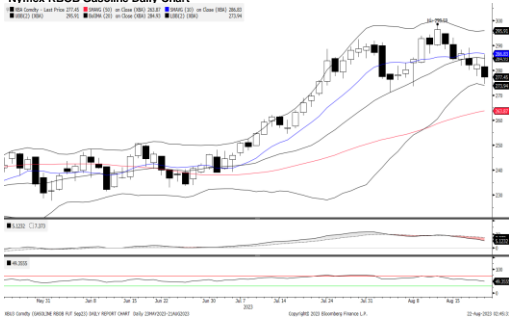
Nymex Natural Gas Daily Chart



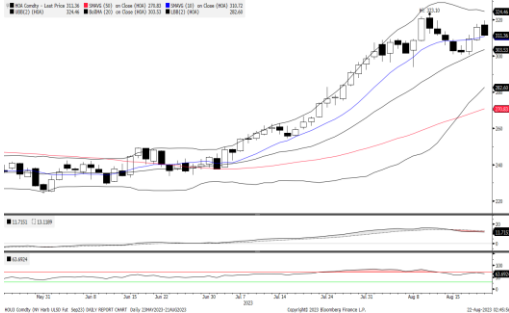
Nymex Brent Last Day Daily Chart



Nymex RBOB Gasoline Daily Chart



Nymex Heating Oil Daily Chart



Technical Analysis

Instrument	1st Resistance	2nd Resistance	1st Support	2nd Support	MACD	MACD DIFF	RSI
Crude Oil	81.93	83.14	79.51	78.30	1.362	-0.511	54.387
Natural Gas	3.1629	3.2097	3.0695	3.0227	0.000	-0.017	47.806
Gasoline	2.671	2.711	2.593	2.553	5.179	-2.203	50.008
Heating Oil	2.8142	2.8558	2.7310	2.6894	5.179	-2.203	50.008
Brent Fin Last Day	85.78	87.05	83.24	81.97	1.279	-0.473	54.306

Strategy

Instrument	Long	Profit target	Stop-loss	Short	Profit target	Stop-loss
Crude Oil	79.51	80.30	79.11	81.93	81.11	82.34
Natural Gas	2.593	2.618	2.580	2.553	2.579	2.540
Gasoline	273.10	275.83	271.74	268.94	271.63	267.60
Heating Oil	306.95	310.02	305.41	302.27	305.29	300.76
Brent Fin Last Day	83.24	84.07	82.83	81.97	82.79	81.56

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