

Fundamentals:

Oil rose for the third straight week as the market continued to tighten on the back of production cuts from Saudi Arabia and Russia.

West Texas Intermediate settled near \$91 a barrel on Friday, the highest since November. The International Energy Agency and Organization of Petroleum Exporting Countries both warned this week that the market would be in deficit through year-end, helping push prices up about 3.7% from last Friday's close.

Widely watched timespreads continue to signal a supply shortfall. The gap between WTI's two nearest contracts reached 84 cents a barrel intraday in bullish backwardation, also the highest level since November.

On the demand side, the picture has brightened on signs the US may be able to avoid a recession, while data from China on Friday beat economists' estimates, suggesting the worst of the downturn is passing. The tightening market is also reflected in surging fuel prices, with diesel at a seasonal record in New York.

Crude has jumped more than 30% since mid-June, with analyst predictions of \$100 a barrel becoming less rare. Still, there are technical indications that the rally is overdone. Brent's 14-day relative strength index has been above the threshold signaling a potential pullback for much of the past two weeks.

Hedge funds boosted their bullish wagers on Brent and US crude to a 15-month high as supply cuts from OPEC+ rapidly tighten the oil market.

Money managers increased their net long Brent and WTI oil bets by 43,131 combined positions to 494,888 lots, weekly ICE Futures Europe and CFTC futures and options data on four contracts showed, the highest in about 15 months.

The positioning by hedge funds marks a major turnaround from the gloom in the first half of the year, when the group held the most bearish stance in about a decade. Both benchmarks have now surpassed \$90 a barrel, surging about 30% since June as the cartel, led by Saudi Arabia, cut output and create a supply deficit through the end of the year.

U.S. natural gas futures slid about 2% on Friday on lower production reductions than previously expected and forecasts for less warm weather next week.

That prices declined despite an increase in the amount of gas flowing to Freeport LNG's liquefied natural gas (LNG) export plant in Texas.

Front-month gas futures for October delivery on the New York Mercantile Exchange fell 6.4 cents, or 2.4%, to settle at \$2.644 per million British thermal units (mmBtu).

For the week, the front-month was up about 1% after falling about 6% last week.

In an event that will likely cause power outages and reduced electric and gas demand in the U.S. Northeast this weekend, the U.S. National Hurricane Center projected Hurricane Lee would make landfall near the U.S.-Canada border between Maine and New Brunswick/Nova Scotia on Saturday with maximum sustained winds near 75 miles per hour (121 kilometers per hour).

(Source: Bloomberg, Reuters)

Energy Table

| Contract | Sett | Chg | High | Low |
|----------------------------|---------------|--------|---------|---------|
| Nymex Crude Oil | OCT 23 90.77 | 0.99 | 91.19 | 89.22 |
| Natural Gas | OCT 23 2.644 | -0.059 | 2.736 | 2.637 |
| RB Gasoline | OCT 23 270.81 | -3.03 | 276.65 | 269.36 |
| Heating Oil | OCT 23 338.34 | -8.23 | 349.37 | 337.34 |
| Brent, Fin Last Day NOV 23 | 94.22 | 0.52 | 94.61 | 92.67 |
| US Dollar Index | 105.35 | -0.057 | 105.413 | 105.081 |

Bloomberg Survey on U.S. Total Change in Inventories

| Date | Crude Oil | | Gasoline | | Crude Oil | |
|-----------|-----------|--------|----------|--------|------------|-------------|
| | Actual | Survey | Actual | Survey | Production | Inventories |
| 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 | -6134 | -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 | -786 | -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 | -9603 | -1500 | 603 | 1000 | 12200 | 453690 |

Fundamental Data:

| Event | Period | Avg Survey | Actual | Prior |
|---|--------|------------|--------|--------|
| 09/18/2023 01:00 Baker Hughes U.S. Rotary Oil Rigs | Sep-15 | -- | 515 | 513 |
| 09/16/2023 01:00 Baker Hughes U.S. Rotary Gas Rigs | Sep-15 | -- | 121 | 113 |
| 09/16/2023 01:00 Baker Hughes U.S. Rig Count | Sep-15 | -- | 641 | 632 |
| 09/20/2023 22:30 DOE U.S. Crude Oil Inventories | Sep-15 | -- | 3955K | 3955K |
| 09/20/2023 22:30 DOE Cushing OK Crude Inventory | Sep-15 | -- | -2450K | -2450K |
| 09/20/2023 22:30 DOE U.S. Gasoline Inventories | Sep-15 | -- | 5561K | 5561K |
| 09/20/2023 22:30 DOE U.S. Distillate Inventory | Sep-15 | -- | 3931K | 3931K |
| 09/20/2023 22:30 DOE U.S. Refinery Utilization | Sep-15 | -- | 0.607K | 0.607K |
| 09/20/2023 22:30 DOE Crude Oil Implied Demand | Sep-15 | -- | 19917 | 19917 |
| 09/20/2023 22:30 DOE Gasoline Implied Demand | Sep-15 | -- | 9216.9 | 9216.9 |
| 09/20/2023 22:30 DOE Distillate Implied Demand | Sep-15 | -- | 4634.4 | 4634.4 |
| 09/21/2023 22:30 EIA Natural Gas Storage Change | Sep-15 | -- | 57 | 57 |
| 09/21/2023 22:30 EIA Working Natural Gas Implied Flow | Sep-15 | -- | 57 | 57 |
| 09/23/2023 01:00 Baker Hughes U.S. Rotary Oil Rigs | Sep-22 | -- | 515 | 515 |
| 09/23/2023 01:00 Baker Hughes U.S. Rotary Gas Rigs | Sep-22 | -- | 121 | 121 |
| 09/23/2023 01:00 Baker Hughes U.S. Rig Count | Sep-22 | -- | 641 | 641 |

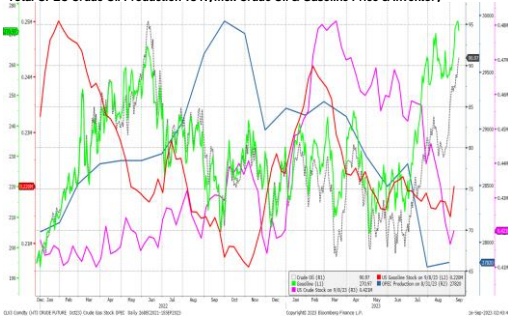
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



Normalized RBOB Gasoline minus Nymex Crude Oil Price



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

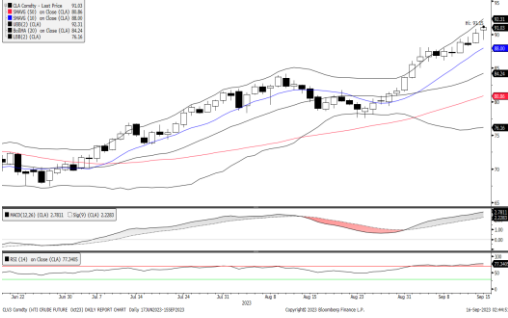


WTI-Brent Spread

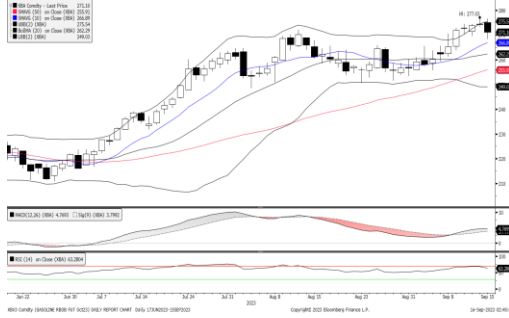


Source: Bloomberg

Nymex Crude Daily Chart



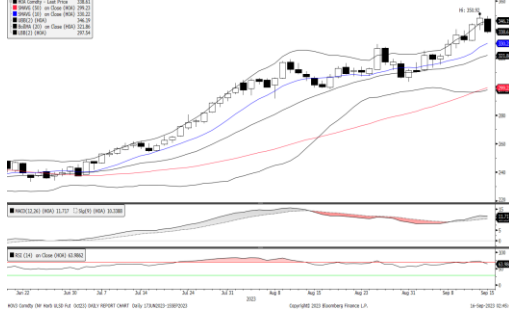
Nymex RBOB Gasoline Daily Chart



Nymex Natural Gas Daily Chart



Nymex Heating Oil Daily Chart



Nymex Brent Last Day Daily Chart



Technical Analysis

| | | | | | | | | |
|--------------------|------------------------|------------------------|---------------------------|-----------------------|-----------------------|-----------------|------------------------|------------------------|
| Crude Oil | 1st Resistance: 92.13 | 2nd Resistance: 93.49 | Natural Gas | 1st Resistance: 2.684 | 2nd Resistance: 2.723 | Gasoline | 1st Resistance: 274.67 | 2nd Resistance: 278.93 |
| | 1st Support: 89.41 | 2nd Support: 88.05 | | 1st Support: 2.604 | 2nd Support: 2.565 | | 1st Support: 266.75 | 2nd Support: 262.69 |
| | MACD: 2.791 | | | MACD: -0.020 | | | MACD: 4.783 | |
| | MACD DIFF: 0.560 | | | MACD DIFF: 0.005 | | | MACD DIFF: 0.978 | |
| | RSI: 77.550 | | | RSI: 47.554 | | | RSI: 63.534 | |
| Heating Oil | 1st Resistance: 343.42 | 2nd Resistance: 348.49 | Brent Fin Last Day | 1st Resistance: 95.63 | 2nd Resistance: 97.05 | | | |
| | 1st Support: 333.26 | 2nd Support: 328.19 | | 1st Support: 92.61 | 2nd Support: 91.39 | | | |
| | MACD: 1.742 | | | MACD: 2.651 | | | | |
| | MACD DIFF: 1.398 | | | MACD DIFF: 0.552 | | | | |
| | RSI: 64.238 | | | RSI: 78.898 | | | | |

Strategy

| | | | | | | | | | | | | |
|---------------------------|-------------|----------------------|------------------|-------------|----------------------|------------------|--------------|----------------------|------------------|--------------|----------------------|------------------|
| Crude Oil | Long: 89.41 | Profit target: 90.30 | Stop-loss: 88.96 | Long: 88.05 | Profit target: 88.93 | Stop-loss: 87.61 | Short: 92.13 | Profit target: 91.21 | Stop-loss: 92.59 | Short: 93.49 | Profit target: 92.56 | Stop-loss: 93.96 |
| Natural Gas | 2.604 | 2.630 | 2.591 | 2.585 | 2.590 | 2.552 | 2.684 | 2.657 | 2.697 | 2.723 | 2.696 | 2.737 |
| Gasoline | 266.75 | 269.42 | 265.41 | 262.69 | 265.31 | 261.37 | 274.87 | 272.12 | 276.25 | 278.93 | 276.14 | 280.33 |
| Heating Oil | 333.26 | 336.60 | 331.60 | 328.19 | 331.47 | 326.55 | 343.42 | 339.98 | 345.13 | 348.49 | 345.01 | 350.23 |
| Brent Fin Last Day | 92.61 | 93.73 | 92.34 | 91.39 | 92.31 | 90.94 | 95.63 | 94.68 | 96.11 | 97.05 | 96.08 | 97.53 |

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