

Fundamentals:

Oil prices rose nearly 1% on Wednesday from a two-month low in the prior session as the market balanced bullish U.S. economic and crude storage data against the International Energy Agency's (IEA) forecast for weaker global oil demand growth.

Brent futures LCOc1 rose 37 cents, or 0.5%, to settle at \$82.75 a barrel, while U.S. West Texas Intermediate crude (WTI) CLc1 gained 61 cents, or 0.8%, to end at \$78.63.

That cut the premium of Brent over WTI WTCLc1-LCOc1 to its lowest since March 28. A narrower premium makes it less profitable for energy companies to send vessels to the U.S. to pick up crude cargoes for export. Earlier in the session, the bearish IEA report helped push both benchmarks into technically oversold territory with prices at their lowest since February. On Tuesday, both benchmarks closed at their lowest since March 12.

Prices reversed direction after U.S. data showed a bigger-than-expected crude drawdown and lukewarm inflation that fueled expectations of a cut in interest rates later this year.

U.S. crude inventories last week fell 2.5 million barrels, the Energy Information Administration (EIA) said, much more than the 500,000-barrel draw forecast in a Reuters poll.

"The crude oil draw is mostly from the increase in the refinery utilization rate ... Refiners finally got serious about that, finally cranked it up a bit," Bob Yawger, director of energy futures at Mizuho told Reuters.

U.S. consumer prices increased less than expected in April, suggesting that inflation resumed its downward trend at the start of the second quarter in a boost to financial market expectations the U.S. Federal Reserve (Fed) will cut interest rates in September.

Lower interest rates would reduce borrowing costs for businesses and consumers and could spur economic growth and demand for oil.

With the Fed expected to cut interest rates later this year, the U.S. dollar, DXY fell to a five-week low against a basket of other currencies. A weaker dollar can boost demand as the greenback-denominated commodity becomes less expensive to buy in other currencies.

The IEA trimmed its forecast for 2024 oil demand growth, widening the gap with producer group OPEC in terms of expectations for this year's global demand outlook.

The Organization of the Petroleum Exporting Countries and its allies like Russia, a group known as OPEC+, is likely to hold its June 1 oil policy meeting online, four OPEC+ sources said, rather than in Vienna as currently scheduled.

In Canada, meanwhile, favorable winds are expected to push a major wildfire away from the oil sands city of Fort McMurray, officials said, less than a day after 6,000 people were ordered to leave.

Fort McMurray is the hub for Canada's oil sands output. A huge wildfire in 2016 forced the evacuation of 90,000 residents and shut in more than 1 million barrels per day of output.

U.S. natural gas futures climbed about 3% to a 15-week high on Wednesday on a drop in output, a rise in feedgas to liquefied natural gas (LNG) export plants since Freeport LNG returned to full service, and forecasts for warmer weather over the next two weeks than previously expected.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low	
Nymex Crude Oil	JUN 24 78.63	0.79	78.88	76.70	
Natural Gas	JUN 24 2.416	0.071	2.424	2.313	
RB Gasoline	JUN 24 249.68	4.09	250.18	244.27	
Heating Oil	JUN 24 242.31	0.64	243.97	237.64	
Brent Fin Last Day	JUL 24 82.89	0.51	83.07	81.06	
US Dollar Index		104.36	-0.658	105.063	104.305

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
13/11/2023	-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
05/11/2024 01:00	Baker Hughes U.S. Rig Count	May-10	--	603
05/11/2024 01:00	Baker Hughes U.S. Rotary Gas Rigs	May-10	--	103
05/11/2024 01:00	Baker Hughes U.S. Rotary Oil Rigs	May-10	--	496
05/15/2024 22:30	DOE U.S. Crude Oil Inventories	May-10	-600k	-1362k
05/15/2024 22:30	DOE Cushing OK Crude Inventory	May-10	--	-341k
05/15/2024 22:30	DOE U.S. Gasoline Inventories	May-10	1000k	-235k
05/16/2024 22:30	EIA Natural Gas Storage Change	May-10	77	--
05/16/2024 22:30	EIA Working Natural Gas Implied Flow	May-10	77	--
05/18/2024 01:00	Baker Hughes U.S. Rig Count	May-17	--	603
05/18/2024 01:00	Baker Hughes U.S. Rotary Gas Rigs	May-17	--	103
05/18/2024 01:00	Baker Hughes U.S. Rotary Oil Rigs	May-17	--	496

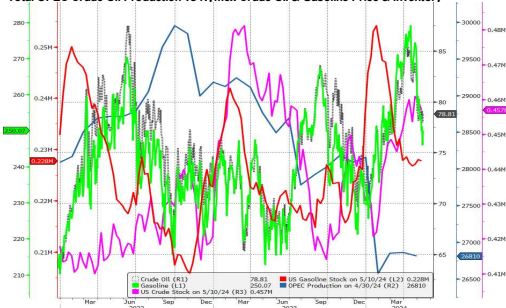
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



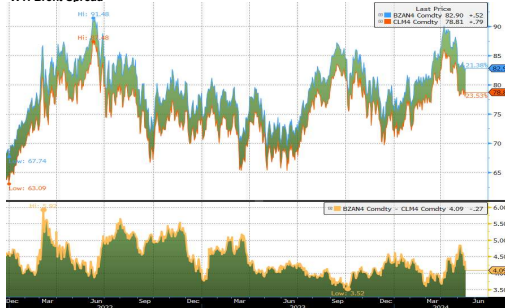
Normalized RBOB Gasoline minus Nymex Crude Oil Price



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

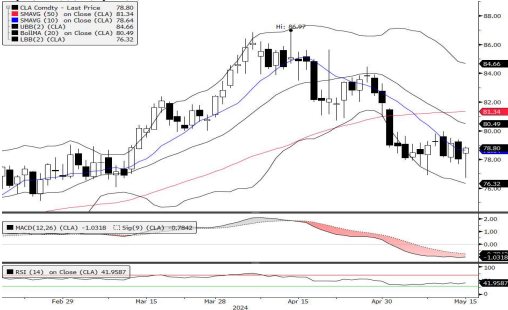


WTI-Brent Spread



Source: Bloomberg

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	Natural Gas	Gasoline
1st Resistance: 79.81	1st Resistance: 2.452	1st Resistance: 253.43
2nd Resistance: 80.99	2nd Resistance: 2.488	2nd Resistance: 257.17
1st Support: 77.45	1st Support: 2.380	1st Support: 245.93
2nd Support: 76.27	2nd Support: 2.344	2nd Support: 242.19
MACD: -1.032	MACD: 0.083	MACD: -5.205
MACD DIFF: -0.247	MACD DIFF: 0.040	MACD DIFF: -1.755
RSI: 42.008	RSI: 67.082	RSI: 37.073

Heating Oil	Brent Fin Last Day
1st Resistance: 245.94	1st Resistance: 84.13
2nd Resistance: 249.58	2nd Resistance: 85.38
1st Support: 238.68	1st Support: 81.65
2nd Support: 235.04	2nd Support: 80.40
MACD: -4.338	MACD: -0.975
MACD DIFF: -0.449	MACD DIFF: -0.310
RSI: 31.898	RSI: 39.923

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