

Fundamentals:

Oil prices fell on Friday as investors weighed weak U.S. fuel demand and took some money off the table at quarter-end, while key inflation data for May boosted the chances that the Federal Reserve will start to cut interest rates this year.

Brent crude futures for August settlement, which expired on Friday, settled up 2 cents at \$86.41 a barrel. The more liquid September contract fell 0.3% to \$85 a barrel.

U.S. West Texas Intermediate (WTI) crude futures settled 20 cents lower, or 0.24%, to \$81.54.

For the week, Brent rose 0.02% while WTI futures posted a 0.2% loss. Both benchmarks gained around 6% for the month.

While U.S. oil production and demand rose to a four-month high in April, demand for gasoline fell to 8.83 million barrels per day, its lowest since February, according to the Energy Information Administration's Petroleum Supply Monthly report published on Friday.

"The monthly report from the EIA suggested the gasoline demand was pretty poor," said Phil Flynn, analyst at Price Futures Group. "Those numbers didn't really inspire more buying."

Analysts said some traders took profits at the end of the second quarter after prices rallied earlier this month.

The U.S. personal consumption expenditures (PCE) price index, the Fed's preferred inflation gauge, was flat in May, lifting hopes for rate cuts in September.

Still, the reaction in financial markets was minimal. For oil traders, the release passed unnoticed, said Charalampos Pissourous, senior investment analyst at brokerage XM.

Growing expectations of a Fed easing cycle have sparked a risk rally across stock markets. Traders are now pricing in a 64% chance of a first rate cut in September, up from 50% a month ago, according to the CME FedWatch tool.

Easing interest rates could be a boon for oil because it could increase demand from consumers.

"Oil prices have been converging with our fair value estimates recently, revealing the underlying strength in fundamentals through a clearing in the fog of war," Barclays analyst Amarpreet Singh wrote in a client note.

Barclays expects Brent crude to remain around \$90 a barrel over the coming months.

Oil prices might not change much in the second half of 2024, with concern over Chinese demand and the prospect of higher supply from key producers countering geopolitical risks, a Reuters poll indicated on Friday.

Brent crude is expected to average \$83.93 a barrel in 2024 with U.S. crude averaging \$79.72, the poll found.

The U.S. active oil rig count, an early indicator of future output, fell by six to 479 this week, the lowest level since December 2021, energy services firm Baker Hughes said.

U.S. natural gas futures fell about 3% to a three-week low on Friday on rising output in recent weeks and as the amount of gas in storage remains well above normal levels.

(Source: Reuters)

Energy Table

Contract	Sett	Chg	High	Low
Nymex Crude Oil	AUG 24 81.54	-0.21	82.72	80.97
Natural Gas	AUG 24 2.601	-0.081	2.765	2.594
RB Gasoline	JUL 24 252.91	-1.65	256.60	252.10
Heating Oil	JUL 24 251.69	-3.07	257.00	251.33
Brent Fin Last Day	SEP 24 84.94	-0.32	86.17	84.52
US Dollar Index		-0.034	106.126	105.745

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
06/29/2024 01:00	Baker Hughes U.S. Rig Count	Jun-28	--	581
06/29/2024 01:00	Baker Hughes U.S. Rotary Gas Rigs	Jun-28	--	97
06/29/2024 01:00	Baker Hughes U.S. Rotary Oil Rigs	Jun-28	--	479
07/03/2024 22:30	DOE U.S. Crude Oil Inventories	Jun-28	--	3591k
07/03/2024 22:30	DOE Cushing OK Crude Inventory	Jun-28	--	-226k
07/03/2024 22:30	DOE U.S. Gasoline Inventories	Jun-28	--	2654k
07/03/2024 22:30	DOE U.S. Distillate Inventory	Jun-28	--	-377k
07/03/2024 22:30	DOE U.S. Refinery Utilization	Jun-28	--	-1.30%
07/03/2024 22:30	DOE Crude Oil Implied Demand	Jun-28	--	19298
07/03/2024 22:30	DOE Gasoline Implied Demand	Jun-28	--	9845
07/03/2024 22:30	DOE Distillate Implied Demand	Jun-28	--	5,089
07/04/2024 00:00	EIA Natural Gas Storage Change	Jun-28	--	52
07/04/2024 00:00	EIA Working Natural Gas Implied Flow	Jun-28	--	52

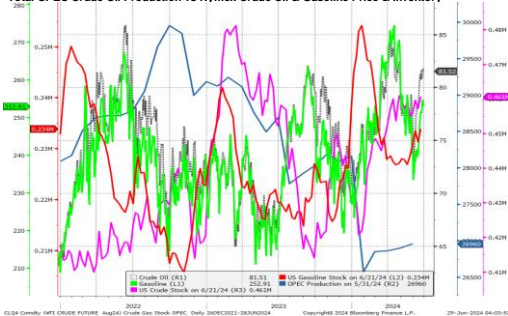
U.S. Oil Rig Count vs Nymex Crude Oil & Gasoline Price



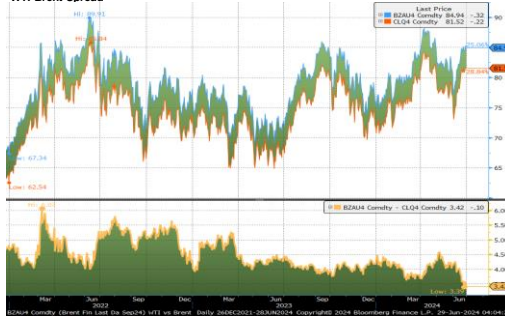
Normalized RBOB Gasoline minus Nymex Crude Oil Price



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

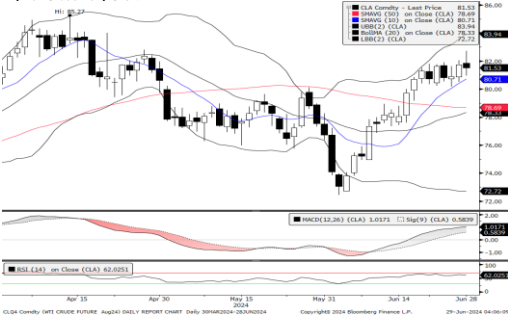


WTI-Brent Spread



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:	82.76	1st Resistance:	2.640	1st Resistance:	256.70
2nd Resistance:	83.99	2nd Resistance:	2.679	2nd Resistance:	260.50
1st Support:	80.32	1st Support:	2.562	1st Support:	249.12
2nd Support:	79.09	2nd Support:	2.523	2nd Support:	245.32
MACD:	1.017	MACD:	-0.006	MACD:	1.412
MACD DIFF:	0.433	MACD DIFF:	-0.049	MACD DIFF:	1.847
RSI:	62.024	RSI:	40.676	RSI:	58.573

Heating Oil		Brent Fin Last Day	
1st Resistance:	255.47	1st Resistance:	86.21
2nd Resistance:	259.24	2nd Resistance:	87.49
1st Support:	247.91	1st Support:	83.67
2nd Support:	244.14	2nd Support:	82.39
MACD:	2.173	MACD:	0.833
MACD DIFF:	1.324	MACD DIFF:	0.386
RSI:	56.212	RSI:	59.862

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