

Fundamentals:

Oil prices eased about 1% on Wednesday on worries over weak U.S. gasoline demand and economic data that could cause the U.S. Federal Reserve to keep interest rates higher for longer.

Brent futures fell 62 cents, or 0.7, to settle at \$83.60 a barrel, while U.S. West Texas Intermediate (WTI) crude fell 60 cents, or 0.8%, to settle at \$79.23.

The premium of the Brent front-month over the second month, known in the industry as backwardation, fell to its lowest since January.

When a market is in backwardation, energy firms are more likely to pull oil out of storage and use it now rather than wait for prices to decline in the future. If the market switches to contango, with future contracts worth more than the front-month, energy firms could start storing oil for the future, which could depress prices.

U.S. consumer confidence unexpectedly improved in May after deteriorating for three straight months amid optimism about the labor market, but worries about inflation persisted and many households expected higher interest rates over the next year.

Worries about U.S. gasoline demand, meanwhile, have kept gasoline futures prices near a recent two-month low, cutting gasoline and 321- crack spreads, which measure refining profit margins, to their lowest levels since February.

Looking ahead, investors are waiting for the release on Friday of the U.S. personal consumption expenditures (PCE) price index report for April.

The PCE, which is the Fed's preferred inflation barometer, is expected to hold steady on a monthly basis. Expectations for the timing of rate cuts have seen-sawed, with policymakers wary of sticky inflation.

The market is also looking for U.S. oil storage data from the American Petroleum Institute (API) trade group later on Wednesday and the U.S. Energy Information Administration (EIA) on Thursday. That data will be released a day later than usual due to the U.S. Memorial Day holiday on Monday.

In a forecast that should support crude prices, analysts projected U.S. energy firms pulled 2.0 million barrels of crude out of storage during the week ended May 24.

That compares with a build of 4.5 million barrels in the same week last year and an average increase of 1.1 million barrels over the past five years (2019-2023).

Traders and analysts also said they expect OPEC+, which includes the Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia, to keep voluntary production cuts of about 2.2 million barrels per day (bpd) in place at its meeting on Sunday.

In China, the world's second biggest economy after the U.S., the economy is set to grow 5% this year after a "strong" first quarter, the International Monetary Fund said, upgrading its earlier forecast of a 4.6% expansion.

The IMF, however, said it expects slower growth in China in the years ahead.

Heightened tensions in the Middle East also held back the crude price decline.

Israel sent tanks on raids into Rafah and predicted its war on Iran-backed Hamas militants in Gaza would continue all year.

The Iran-aligned Houthis in Yemen, meanwhile, launched attacks on six ships in three different seas and Iran's semi-official Tasnim news agency said Tehran's sea-launched ballistic missile Ghadr was made available to the Houthis.

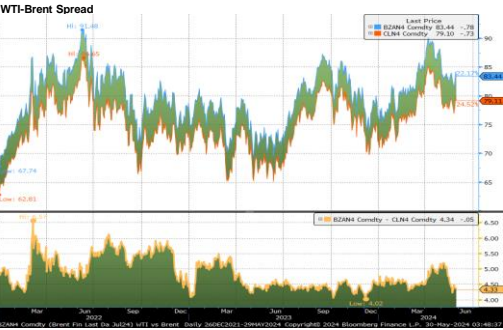
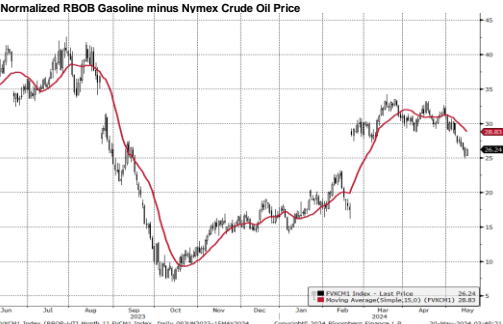
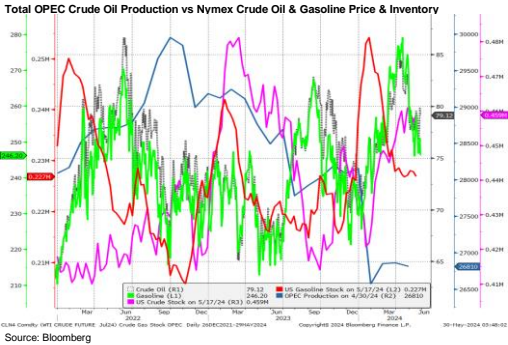
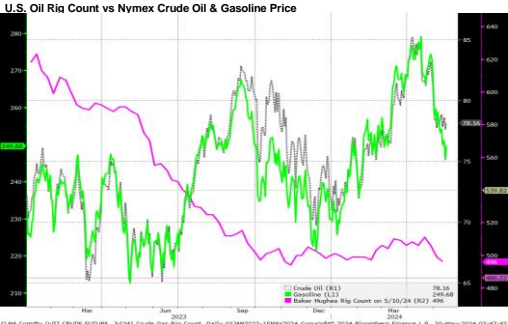
U.S. natural gas futures slid about 3% on Wednesday on signs some drillers were starting to pull more gas out of the ground and worries about the tremendous oversupply of gas still in storage.

(Source: Reuters)

Energy Table					
Contract		Sett	Chg	High	Low
Nymex Crude Oil	JUL 24	79.23	-0.77	80.62	79.02
Natural Gas	JUN 24	2.493	-0.097	2.689	2.417
RB Gasoline	JUN 24	246.44	-4.78	253.31	245.72
Heating Oil	JUN 24	243.70	-3.30	249.35	242.95
Brent Fin Last Day	JUL 24	83.37	-0.85	85.01	83.36
US Dollar Index		105.12	0.510	105.125	104.589

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	1488	-481	12800	433528
11/8/2023	-5960	-2500	-262	-1100	12700	439662
4/8/2023	5851	2300	-2661	-200	12600	445622

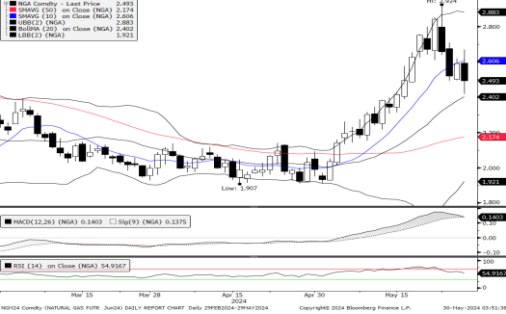
Fundamental Data:		Period	Avg Survey	Actual	Prior
Event					
05/23/2024 22:30	EIA Natural Gas Storage Change	May-17	83	78	70
05/23/2024 22:30	EIA Working Natural Gas Implied Flow	May-17	83	78	70
05/25/2024 01:00	Baker Hughes U.S. Rig Count	May-24	--	600	604
05/25/2024 01:00	Baker Hughes U.S. Rotary Gas Rigs	May-24	--	99	103
05/25/2024 01:00	Baker Hughes U.S. Rotary Oil Rigs	May-24	--	497	497
05/30/2024 22:30	EIA Natural Gas Storage Change	May-24	--	--	78
05/30/2024 22:30	EIA Working Natural Gas Implied Flow	May-24	--	--	78
05/30/2024 23:00	DOE U.S. Crude Oil Inventories	May-24	-2000k	--	1825k
05/30/2024 23:00	DOE Cushing OK Crude Inventory	May-24	--	--	1325k
05/30/2024 23:00	DOE U.S. Gasoline Inventories	May-24	-1376k	--	-945k
05/30/2024 23:00	DOE U.S. Distillate Inventory	May-24	300k	--	379k
05/30/2024 23:00	DOE U.S. Refinery Utilization	May-24	0.50%	--	1.30%
05/30/2024 23:00	DOE Crude Oil Implied Demand	May-24	--	--	19502
05/30/2024 23:00	DOE Gasoline Implied Demand	May-24	--	--	10084.4
05/30/2024 23:00	DOE Distillate Implied Demand	May-24	--	--	5107.9



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

Crude Oil

1st Resistance:	80.42	2nd Resistance:	81.61
1st Support:	78.04	2nd Support:	76.85
MACD:	-0.561		
MACD DIFF:	0.150		
RSI:	49.165		

Natural Gas

1st Resistance:	2.530	2nd Resistance:	2.568
1st Support:	2.456	2nd Support:	2.418
MACD:	0.140		
MACD DIFF:	0.003		
RSI:	54.914		

Gasoline

1st Resistance:	250.14	2nd Resistance:	253.83
1st Support:	242.74	2nd Support:	239.05
MACD:	-4.419		
MACD DIFF:	-0.120		
RSI:	38.226		

Heating Oil

1st Resistance:	247.36	2nd Resistance:	251.01
1st Support:	240.04	2nd Support:	236.39
MACD:	-3.201		
MACD DIFF:	0.466		
RSI:	41.358		

Brent Fin Last Day

1st Resistance:	84.62	2nd Resistance:	85.87
1st Support:	82.12	2nd Support:	80.87
MACD:	-0.714		
MACD DIFF:	0.104		
RSI:	47.508		

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