

Crude Oil Weekly

Brought to you by Phillip Capital Sdn Bhd (362533-U)

Market Commentary

Call of The Week:

Mildly Bullish

30 September, 2024

Highlights:

- Oil prices slide 3% on prospect of more OPEC+ oil
- Oil prices rise on Middle East conflict fears as Israel steps up attacks

Oil Market Summary

Oil prices extended gains on Monday, buoyed by escalating concerns over potential supply pressures from Middle East producers following Israel's increased attacks on Iranian-backed forces in the region.

On Friday, the NYMEX light sweet crude oil for November contract down by \$2.650 to settle at \$68.650 a barrel by close of trade and Brent crude down \$2.51 or 3.37%, to \$71.98 a barrel. During the week, NYMEX crude oil was down \$2.82 or -3.972%. • Oil prices slide 3% on prospect of more OPEC+ oil

- Oil prices rise on Middle East conflict fears as Israel steps up attacks

U.S. commercial crude oil inventories, excluding those in the Strategic Petroleum Reserve, dropped by 4.5 million barrels from the previous week to 413.0 million barrels, about 5.0 percent below the five-year average for this time of year.

According to Baker Hughes, the number of active rigs drilling for oil has decreased from 588 to 587.

Saudi Arabia is preparing to abandon its unofficial price target of \$100 a barrel for crude as it gets ready to increase output, the Financial Times reported on Thursday, citing people familiar with the matter. Meanwhile, two OPEC+ sources told Reuters on Thursday that the producer group is set to go ahead with a December oil output increase because its impact will be small should a plan for some members to make larger cuts to compensate for overproduction be delivered in September and later months. The Organization of the Petroleum Exporting Countries, along with the group's allies including Russia, together known as OPEC+, have been cutting oil output to support prices. However, prices are down nearly 6% so far this year, amid increasing supply from other producers, especially the U.S., as well as weak demand growth in China.

However, prices on Monday were supported by the possibility of a widening Middle East conflict involving Iran, a key producer and member of the Organization of the Petroleum Exporting Countries (OPEC), after Israel stepped up its attacks on the Hezbollah and Houthi militant groups that Iran backs. While excessive supplies are a key concern for oil markets, markets broadly fear an escalation in the Middle Eastern crisis that could dampen supplies from key producing regions, said Priyanka Sachdeva, senior market analyst at Phillip Nova.

Israel said it bombed Houthi targets in Yemen on Sunday, expanding its confrontation with Iran's allies two days in an escalating conflict in Lebanon.

In the week ahead, NYMEX crude oil prices are likely to trade in a range between \$65 and \$70. Oil traders will focus on to hear from Federal Reserve Chair Jerome Powell for clues on the central bank's speed of monetary easing, and seven other Fed policymakers are due to speak this week. Also due are data on job openings and private hiring, along with ISM surveys on manufacturing and services. With the Fed and other major central banks embarking on policy easing, some economic recovery could just be around the corner, said Phillip Nova's Sachdeva.

Other Market News

Equities in China and Hong Kong were standout gainers on Monday after Beijing's latest measures to tackle its property crisis. Stocks elsewhere in Asia declined with Japan's benchmark plummeting.

The CSI 300 index was poised for its biggest daily gain in 16 years, and both iron ore and Chinese developer stocks surged after three major cities eased rules on housing purchases. A slump in Japanese stocks contributed to a decline in the MSCI Asia Pacific gauge, after the victory of Shigeru Ishiba in the Japanese ruling party's leadership race wrong footed investors. European and US stock futures fluctuated between gains and losses.

"China's government does seem more intent on following through on measures to get the economy firing again, so it does feel slightly more promising than previous attempts. So the rally might have some more legs than previous times and we will be waiting for more announcements to get more conviction around the trajectory of the

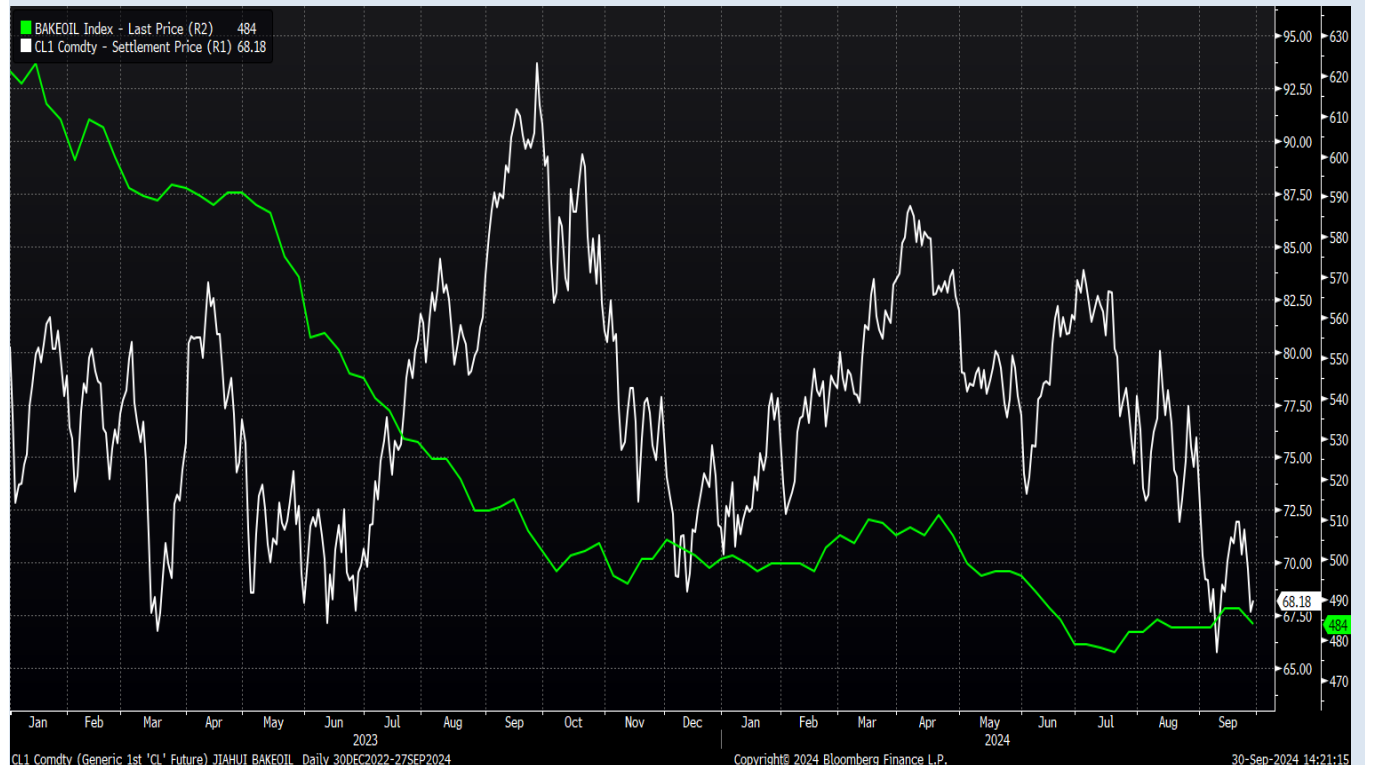
Weekly Market Price as at 27/09/2024

Commodity	Close	Chg	% Chg	High	Low	RSI(14)
NYMEX Crude Oil	68.18	-2.82	-3.972	72.40	66.95	42.73
IPE Brent Oil	71.98	-2.51	-3.370	75.87	70.72	42.17
TOCOM Crude Oil	62,500.00	-360.00	-0.573	64930.00	61320.00	43.87
Mini Dow Jones	42,656.00	709.91	1.692	43005.00	42206.00	67.30
U.S. Dollar Index	100.38	-0.34	-0.340	101.23	100.16	37.35
COMEX Gold	2,668.10	21.90	0.828	2708.70	2638.60	67.87

Significant Events to Watch (Malaysian Time)

- 01/10/2024 (0155hrs) - Fed Chair Powell Speaks
- 02/10/2024 (0430hrs) - API Weekly Crude Oil Stock
- 02/10/2024 (1800hrs) - OPEC Meeting
- 02/10/2024 (2230hrs) - Crude Oil Inventories
- 02/10/2024 (2230hrs) - Crude Oil Imports
- 02/10/2024 (2230hrs) - Cushing Crude Oil Inventories
- 03/10/2024 (2030hrs) - Initial Jobless Claims
- 04/10/2024 (2030hrs) - Nonfarm Payrolls (Sep)
- 04/10/2024 (2030hrs) - Unemployment Rate (Sep)
- 05/10/2024 (0100hrs) - U.S. Baker Hughes Oil Rig Count

U.S. Oil Rig Count vs. U.S. NYMEX Crude Oil



Source: Bloomberg / Phillip Capital

Chart of the Day - Crude Oil Daily Chart



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From the daily chart above, prices is likely to be rebound from recent low, however, investor should be mindful of next support level will be at \$65/barrel
Source: Reuters/Bloomberg/Phillip Capital

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