

Crude Oil Weekly

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Market Commentary

Highlights:

- Oil prices rise by over US\$1 on OPEC+ output hike delay
- All eyes on US election, Fed rate cut this week

Oil Market Summary

Oil prices rose on Friday amid reports that Iran is preparing a retaliatory strike on Israel to be launched from Iraq within days. Iran and Israel have engaged in a series of tit-for-tat strikes within the broader Middle East warfare set off by fighting in Gaza.

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%.

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) increased by 5.5 million barrels from the previous week. At 425.5 million barrels, U.S. crude oil inventories are about 4% below the five year average for this time of year.

According to Baker Hughes, the number of active rigs drilling for oil maintained at 585.

Oil prices rose by more than US\$1 in early trading on Monday after OPEC+ said on Sunday it would delay a planned December output hike by one month. OPEC+, which includes the Organization of the Petroleum Exporting Countries plus Russia and other allies, was due to increase output by 180,000 barrels per day (bpd) in December.

That means the group will extend their 2.2 million bpd cut for another month, after having already delayed the increase from October because of falling prices and weak demand. "While the delay until January does not change fundamentals significantly, it does potentially leave the market having to rethink the strategy of OPEC+," ING analysts said in a note. The delay bucked the expectations of some in the market that OPEC+ would go ahead with the planned output increase.

The group is set to gradually unwind the 2.2 million bpd cut over the coming months, while another 3.66 million bpd of production cuts will stay in place until the end of 2025. The moves in oil prices have been driven in recent weeks by a combination of geopolitical events, the ebb and flow of war risk premium, and concerns about weak global demand and an imminent oversupply in the oil market.

In the week ahead, NYMEX crude oil prices are likely to trade in a range between \$70 and \$75. Oil traders will focus on expectations of OPEC+ could delay December's planned increase to oil production by a month or more on concern over soft oil demand and rising supply. A decision could be made as early as this week. On the other hand, the markets are also awaiting the U.S. presidential election on Tuesday, with polls showing Democratic Vice President Kamala Harris and Republican former President Donald Trump neck and neck.

And on Thursday, economists expect the U.S. Federal Reserve to cut interest rates by 25 basis points.

Other Market News

Election day is on Tuesday with early voting already well underway in a tight race for the White House, pitching Republican Donald Trump against Democrat Kamala Harris.

Recent gains in Treasury yields and the dollar are seen by some analysts as the market anticipating a win for Trump. But polls suggest a very close race, meaning that a victory by the Democrat could spark a rash of trading unwinds. Traders may just be rooting for a clear result, fearing a potentially contested election and lengthy period of uncertainty about the outcome as a significant risk to markets.

Only seven states are seen as truly competitive, but a poll released on Saturday showed Harris holding a surprise lead in Iowa, a state Trump won easily in the last two elections.

Call of The Week:

Mildly Bullish

4 November, 2024

Weekly Market Price as at 01/11/2024

Commodity	Close	Chg	% Chg	High	Low	RSI(14)
NYMEX Crude Oil	67.67	-4.11	-5.726	71.60	66.72	47.76
IPE Brent Oil	73.10	-2.53	-3.345	74.94	70.28	47.49
TOCOM Crude Oil	67,310.00	100.00	0.149	68680.00	64770.00	54.07
Mini Dow Jones	42,209.00	-112.00	-0.265	42697.00	41873.00	45.36
U.S. Dollar Index	100.38	-3.88	-3.718	104.57	103.68	66.27
COMEX Gold	2,749.20	-5.40	-0.196	2801.80	2736.90	59.36

Significant Events to Watch (Malaysian Time)

- 05/11/2024 (1800hrs) - U.S. Presidential Election
- 06/11/2024 (0530hrs) - API Weekly Crude Oil Stock
- 06/11/2024 (2330hrs) - Crude Oil Inventories
- 06/11/2024 (2330hrs) - Crude Oil Imports
- 06/11/2024 (2330hrs) - Cushing Crude Oil Inventories
- 07/11/2024 (2130hrs) - Initial Jobless Claims
- 08/11/2024 (0200hrs) - Fed Interest Rate Decision
- 08/11/2024 (0300hrs) - FOMC Statement
- 08/11/2024 (0330hrs) - FOMC Press Conference
- 09/11/2024 (0200hrs) - 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



CL1 Comdty (Generic 1st 'CL' Future) JIAHUI Daily 02OCT2023-27SEP2024

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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



(362533-U)

Khairil Anuar Bin Kamarul
khairilanuar.kamarul@phillipcapital.com.my

William Loh Tze Ang
william.loh@phillipcapital.com.my

Tai Jen Seng
tai.jenseng@phillipcapital.com.my

CONTACT US:

Kuala Lumpur Headquarters:
(+603) 2711 0026
futures_dealing@phillipcapital.com.my

Johor Branch:
(+607) 557 2188
pcjb@phillipcapital.com.my

Kuching Branch:
(+6082) 247 6333
pckc@phillipcapital.com.my

Sibu Branch:
(+6084) 377 933
pcsibu@phillipcapital.com.my

Kota Damansara Branch:
(+603) 9212 2818
pckd@phillipcapital.com.my

Penang Branch:
(+604) 202 0039
pcpg@phillipcapital.com.my

Malacca Branch:
(+606) 225 0018
pcmk@phillipcapital.com.my

Kota Kinabalu Branch
(+6088) 335 346
pckb@phillipcapital.com.my

Official Website: www.phillip.com.my
Official Facebook Page: www.facebook.com/PhillipCapitalSdnBhd
Official Telegram Channel: [@PhillipFutures](https://t.me/PhillipFutures)

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