

# Crude Oil Weekly

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## Market Commentary

### Highlights:

- Oil prices fall for the week on bets for a 'looming surplus,' soft China demand
- U.S. commercial crude oil inventories increased by 2.1 million barrels from the previous week.

### Oil Market Summary

Oil futures settled at their lowest in over two months Friday with expectations for a supply surplus next year, strength in the U.S. dollar, and continued worries over demand from China — the world's largest crude importer — prompting prices to post a loss for the week.

On Friday, the NYMEX light sweet crude oil for December contract down by \$1.68 to settle at \$67.02 a barrel by close of trade and Brent crude down \$1.52 or 2.1%, to \$71.04 a barrel. During the week, NYMEX crude oil was down \$3.36 or -4.77%, while Brent oil up \$-2.83 or -3.83%.

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) increased by 2.1 million barrels from the previous week.

According to Baker Hughes, the number of active rigs drilling for oil drop by 1 to 478.

Oil prices fell against a backdrop of a "looming surplus, even as the U.S. appears headed for a soft landing," said Michael Lynch, president of Strategic Energy & Economic Research.

He pointed out that even if the group of major oil producers known as OPEC+ continues to extend production cuts, the International Energy Agency has predicted that supply will exceed demand by 1 million barrels next year.

Saudi Arabia seems to be "getting more unhappy" with the countries that are producing oil above their quotas — primarily Iraq and the U.A.E. — which "raises the possibility of a price war," Lynch told MarketWatch.

Trump's biggest impact will be internationally, said Lynch. "If he tightens enforcement of Iranian sanctions, that could take 1 [million barrels of oil per day] off the market, supporting the current price level," but if he undermines sanctions on Russia, that would largely offset the lower Iranian supplies.

Government data from China showed refinery throughput fell 4.6% year-over-year in October, according to Reuters.

In the week ahead, NYMEX crude oil prices are likely to trade in a range between \$60 and \$70. Oil traders will focus on the fresh weekly data on U.S. commercial crude inventories to gauge the strength of demand in the world's largest oil consumer and how fast output levels will continue to rise will capture the market's attention.

### Other Market News

Gold fell for a fifth session in a row on Thursday, with expectations for a more restrictive monetary policy and less geopolitical risk under incoming President Donald Trump contributing to a drop in prices to their lowest in over two months.

The precious metal's longest daily losing streak since mid-February marks a significant shift in prospects for gold, which traded at record highs just two weeks ago.

Call of The Week:

## Mildly Bearish

18 November, 2024

### Weekly Market Price as at 15/11/2024

Commodity	Close	Chg	% Chg	High	Low	RSI(14)
NYMEX Crude Oil	67.02	-3.36	-4.774	70.56	66.82	40.44
IPE Brent Oil	71.04	-2.83	-3.831	74.13	70.72	41.42
TOCOM Crude Oil	67,100.00	-1260.00	-1.843	68310.00	65800.00	51.11
Mini Dow Jones	43,568.00	-573.00	-1.298	44625.00	43478.00	55.67
U.S. Dollar Index	106.69	1.69	1.610	107.06	104.93	73.39
COMEX Gold	2,570.10	-124.70	-4.627	2693.40	2541.50	31.27

### Significant Events to Watch (Malaysian Time)

- 13/11/2024 (2130hrs) - US CPI (MoM) (Oct)
- 14/11/2024 (0530hrs) - API Weekly Crude Oil Stock
- 14/11/2024 (2130hrs) - Initial Jobless Claims
- 15/11/2024 (0000hrs) - Crude Oil Inventories
- 16/11/2024 (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 02OCT2023-15NOV2024

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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

**CONTACT US:**

**Kuala Lumpur Headquarters:**  
(+603) 2711 0026  
[futures\\_dealing@phillipcapital.com.my](mailto:futures_dealing@phillipcapital.com.my)

**Johor Branch:**  
(+607) 557 2188  
[pcjb@phillipcapital.com.my](mailto:pcjb@phillipcapital.com.my)

**Kuching Branch:**  
(+6082) 247 6333  
[pckc@phillipcapital.com.my](mailto:pckc@phillipcapital.com.my)

**Sibu Branch:**  
(+6084) 377 933  
[pcsbu@phillipcapital.com.my](mailto:pcsbu@phillipcapital.com.my)

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

**Penang Branch:**  
(+604) 202 0039  
[pcpg@phillipcapital.com.my](mailto:pcpg@phillipcapital.com.my)

**Malacca Branch:**  
(+606) 225 0018  
[pckm@phillipcapital.com.my](mailto:pckm@phillipcapital.com.my)

**Kota Kinabalu Branch**  
(+6088) 335 346  
[pckb@phillipcapital.com.my](mailto:pckb@phillipcapital.com.my)

**Official Website:** [www.phillip.com.my](http://www.phillip.com.my)  
**Official Facebook Page:** [www.facebook.com/PhillipCapitalSdnBhd](https://www.facebook.com/PhillipCapitalSdnBhd)  
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