Crude Oil Weekly

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Market Commentary

Call of The Week: **Mildly Bullish**

20 January, 2025

Highlights:

- Oil Prices score a 4th straight amid supply fears
- Oil Prices Gain uncertainty Amid inconsistent economic and Geopolitical Tensions

Oil Market Summary

Oil futures settled lower on Friday, but scored a fourth straight week of gains after wider sanctions against Russia’s energy industry tightened supply.

Uncertainty also remains over President-elect Donald Trump’s moves on energy policy ahead of his Monday inauguration.

On Friday, the NYMEX light sweet crude oil for February contract up by $3.840 to settle at $70.82 a barrel by close of trade and Brent crude up $3.29 or +4.647% to $74.09 a barrel. During the week, NYMEX crude oil was up $2.60 or 3.52% at $76.575.

U.S. commercial crude oil inventories, excluding those in the Strategic Petroleum Reserve, dropped by 2.0 million barrels from the previous week to 414.6 million barrels, about 6 percent below the five-year average for this time of year.

According to Baker Hughes, the number of active rigs drilling for oil decreased to 580 from 584, decreased 4.

Sanctions and trade barriers are likely to remain in focus as the Trump administration takes office next week, Robbie Fraser, associate director of global research and analytics at Schneider Electric, stated in a daily note.

The possibility of import taxes on Canadian crude imports might increase input costs for U.S. refiners, while a more stringent enforcement strategy against Iranian crude exports could affect 1% to 2% of the world's supply, Fraser said. In the upcoming weeks, he added, any remarks on near-term action surrounding those topics could emerge as primary price drivers for crude. levels is required for sustained bullish momentum in the oil market.

The Biden administration expanded sanctions on Russia's energy sector, targeting producers, vessels, oilfield services, and officials, which contributed to an 8.6% year-to-date rise in U.S. crude prices. These sanctions have disrupted Russia’s shadow fleet, causing buyers in India and China to seek alternative suppliers. Additionally, tougher U.S. actions against Iran’s shadow fleet could potentially affect 500,000 barrels per day of crude supply.
Analysts suggest that escalating actions against Iran could further increase oil prices, though the next U.S. president may use sanctions strategically in negotiations with Russia. Concerns arise over potential pressure on Saudi Arabia to boost output, given OPEC+’s spare production capacity of 5.8 million barrels per day.

Oil markets are expected to face volatility, with geopolitical and economic factors

Other Market News

Asian markets advanced on Monday, supported by a rally in U.S. stock indexes, which concluded their strongest week in two months. U.S. futures and oil prices remained relatively stable. In Hong Kong, the Hang Seng rose 2.3% to 20,041.09 after China’s central bank kept its key lending rates unchanged, while the Shanghai Composite Index gained 0.5% to 3,257.24. A Hong Kong court extended the deadline for property developer Country Garden to reach an agreement with its creditors, reflecting slow progress in the recovery of the struggling real estate sector.

In Japan, the Nikkei 225 climbed 1.2% to 38,914.60. The Japanese yen strengthened slightly to 156.02 per dollar amid rising expectations that the Bank of Japan might increase its key interest rate during an upcoming policy meeting. In South Korea, the Kospi remained nearly flat at 2,524.12, while Australia’s S&P/ASX 200 rose by 0.5% to 8,354.90. Other markets in the region also saw gains, with Taiwan’s Taiex and India’s Sensex rising 0.5% and 0.2%, respectively, and Bangkok’s SET Index up by 0.3%.

The euro advanced against the dollar, reaching $1.0304 from $1.0281. Sentiment in the markets was further lifted by optimistic comments from U.S. and Chinese officials ahead of President-elect Donald Trump’s inauguration. Both sides expressed commitments to improving relations, alleviating concerns about potential trade tensions and the prospect of increased tariffs on Chinese exports to the U.S.

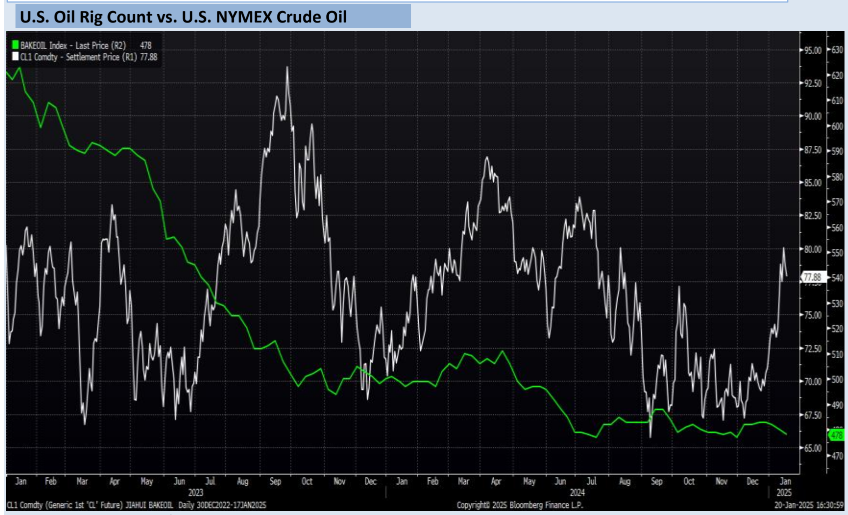
Weekly Market Price as at 17/01/2025

Commodity	Close	Chg	% Chg	High	Low	RSI(14)
NYMEX Crude Oil	77.88	1.31	1.711	70.29	76.54	64.61
IPE Brent Oil	80.79	1.03	1.291	73.52	79.62	67.56
TOCOM Crude Oil	73,280.00	750.00	1.034	67450.00	71270.00	66.23
Mini Dow Jones	43,695.00	1535.00	3.641	44706.00	41967.00	56.33
U.S. Dollar Index	109.35	-0.30	-0.276	106.96	108.60	60.64
COMEX Gold	2,748.70	33.70	1.241	2756.70	2672.00	62.34

Significant Events to Watch (Malaysian Time)

23/1/2025 (2130hrs) - Initial Jobless Claims
24/1/2025 (0100hrs) - Crude Oil Inventories
24/1/2025 (2245hrs) - S&P Global Manufacturing PMI
24/1/2025 (2245hrs) - S&P Global Services PMI
24/1/2025 (2300hrs) - Existing Home Sales (Dec)
25/1/2025 (0200hrs) - US. Baker Hughes Oil Rig Count
25/1/2025 (0200hrs) - US. Baker Hughes Total 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

From the daily chart above, prices is likely to be continue increase, however, investor should be mindful of next resistance level will be at $84/barrel
Source: Reuters/Bloomberg/Phillip Capital

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