Monday, September 23, 2024

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	5916	71.18	74.77
Close	5928	71.00	74.49
1 Week Chg.	12	-0.18	-0.28
%change	3.85%	4.80%	4.02%
OI	764	355888	0
OI change	230	47941	0
Pivot	5908	70.94	74.50
Resistance	5954	71.51	74.99
Support	5882	70.43	73.99

Natural Gas		
Exchange	MCX	NYMEX-NG
Open	217.7	2.603
Close	227.3	2.72
1 Week Chg.	9.6	0.12
%change	4.41%	4.46%
OI	13613	322289
OI change	15.83%	15.86%
Pivot	224.0	2.68
Resistance	231.3	2.78
Support	219.9	2.62

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	-70	-0.90
2nd month	-2	-0.61

WTI-Brent spread$	
1st month	-0.80
2nd month	-0.50

Crude oil markets experienced significant volatility, ending last week on a positive note with prices rallying by 4%, as geopolitical tensions simmer in the Middle East amid Israel's airstrikes on southern and eastern Lebanon and Hezbollah's retaliatory actions against northern Israel over the weekend.

Israel has intensified its strikes on both Gaza and Lebanon, heightening concerns about a broader conflict in the region. The situation remains tense as fears of an all-out war continue to grow. Hezbollah, the Lebanese militant group, recently vowed to retaliate against Israel. This follows reports that Israel had destroyed electronic devices used by Hezbollah. The ongoing tensions have raised the stakes for further escalation in the Middle East.

In addition to this, the prospect of lower interest rates has boosted hopes that economic growth will pick up in the coming months, potentially driving increased crude demand. The US Federal Reserve has projected 50 basis points more of rate cuts by the end of this year, an additional full percentage point of cuts next year, and a further half-percentage-point reduction in 2026.

Inventory: Prices received additional support from U.S. oil inventories, which dropped by 1.6 million barrels to their lowest level in a week, posting another week-on-week decline to 417.5 million barrels. Stocks were particularly drained in the Midwest, where they fell to their lowest level since December 2014.

U.S. commercial crude oil inventories posted their tenth draw in the past 12 weeks, sending stockpiles to a one-year low. While the draw was much larger than expectations for a 0.2 million-barrel decrease, it was also accompanied by builds in distillate and gasoline inventories. These builds sparked concerns that U.S. fuel demand may be cooling as the travel-heavy summer season comes to a close.

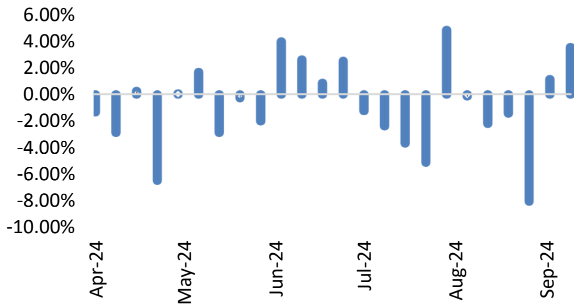
China: Data from China remains a major concern regarding the demand outlook, as refining throughput slowed for the fifth straight month in August. Data also showed that Chinese gasoline exports slumped by 44% in August compared to a year earlier, as export margins turned negative and refiners began using up their government-mandated export quotas.

China issued its third, and likely final, batch of fuel export quotas for the year, keeping volume in line with 2023 levels. The move indicated that refinery margins are too weak to justify increased activity.

Meanwhile, refining margins across Asia in early September fell to their lowest level for this time of year since 2020, which could lead to more curbs on run rates at Asian refiners, including those in China. The slumped margins and rising fuel supply amid weakening demand suggest reductions in refining utilization going forward, which is not promising for oil bulls.

Currently, China is expected to stimulate growth, including measures based inside the country. China is projected to issue at least 10 trillion yuan ($1.42 trillion) in ultra-long government bonds over the next year or two for investment in human capital. This can be supportive news for oil prices.

WTI Weekly Change(%)

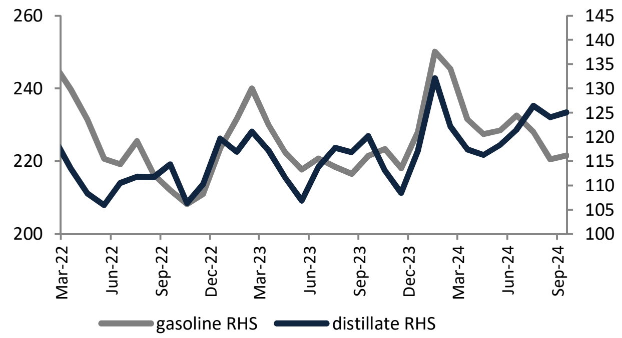


Source:RTRS

Natural Gas: Natural gas futures were volatile last week, with prices ending on a positive note amid forecasts for warmer U.S. temperatures, which are expected to boost demand for electricity to power air conditioning. However, the EIA inventory data was disappointing, showing a net increase of 58 Bcf.

Working gas in storage was 3,445 Bcf as of Friday, September 13, 2024, according to EIA estimates. This represents a net increase of 58 Bcf from the previous week. Stocks were 194 Bcf higher than at this time last year and 274 Bcf above the five-year average of 3,171 Bcf. At 3,445 Bcf, total working gas is within the five-year historical range.

US Product Stock(million barrels)



Source:RTRS

Outlook:

Oil prices are expected to remain range-bound this week. Any geopolitical escalation could push prices higher; however, pressure on prices remains as the impact of the Fed fades and the oil market's attention returns to the weakening demand outlook.

This week, the focus will be on U.S. GDP and Core PCE data, alongside speeches from key officials such as Fed Chair Jerome Powell and Treasury Secretary Janet Yellen for insights into the monetary policy outlook. Flash PMI figures from major global economies will provide early hints on economic activity in September. Oil market participants will also be watching for the OPEC Annual World Oil Outlook, due on Tuesday.

Technical Levels:

Crude oil:

In the previous week, the crude oil market experienced significant volatility and closed on a positive note with a gain of 268 rupees, representing a 4.70% gain. Throughout the week prices oscillated between a low of 5702 and a high of 5999. On the weekly chart, crude oil has been trading into symmetric triangle and revers from bottom by forming three candle reversal patter which is known as morning star formation. The technical indicator, the 14-period Relative Strength Index (RSI) on the daily chart, is trading at the 50 mark, indicating stability in the counter. Immediate key support is identified at the 5950-5820 level. However, buy above immediate 6100 will be a recommended for this counter as long as the key support level of 5950- 5820 remains unbroken on the downside.

Natural gas:

In the last week, the natural gas market closed on a positive note, registering a gain of 8.8 rupees or 4.54%. During this period, prices peaked at 204 rupees and reached a low of 186.2 rupees. Natural gas has formed double bottom formation on weekly chart and currently trading close to breakout level which is also an immediate resistance level 210 rupees. A breach above this resistance line would suggest strength in the counter. The technical indicator RSI which also o trading above mid-level around 60 indicating further strength in counter. The overall trend remains bullish, with a buy-on –dip strategy recommended, targeting levels between 222 and 232. Key support levels are identified at 198 and 188 levels, respectively.

Navneet Damani	**Research-Head**	**navneetdamani@motilaloswal.com**
Shweta Shah	**Analyst- Energy**	**shweta.vshah@motilaloswal.com**

For any details contact:
Commodities Advisory Desk - +91 22 3958 3600
commoditiesresearch@motilaloswal.com

Commodity Disclosure & Disclaimer:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

Terms & Conditions:

1. This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.
2. This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it.
3. This report is not to be construed as an offer to sell or solicitation of an offer to buy any commodity or commodity derivative to any person in any jurisdiction where such an offer or solicitation would be illegal.
4. It is for the general information of clients of MOFSL. It doesn't constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.
5. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL.
6. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate.
7. All such information and opinions are subject to change without notice.
8. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.
9. We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed.
10. Neither MOFSL, nor any person connected with it, accepts any liability arising from the use of this document.
11. The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the commodity referred to in this material may go up or down. Past performance is not a guide for future performance.
12. Certain transactions including those involving commodity derivatives involve substantial risk and are not suitable for all investors.
13. Reports based on technical analysis centers on studying charts of a commodity's price movement and trading volume as opposed to focusing on a commodity's fundamentals and as such may not match with a report on a commodity's fundamentals.
14. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject commodity for which Research Team have expressed their views.
15. MOFSL or its associates or Research Analyst or his relatives may have Open Position in subject commodity.
16. A graph of daily closing prices of commodities is available at http://www.moneyline.co.in/
17. Opinions expressed are our current opinions as of the date appearing on this material only. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.
18. The commodities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.
19. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.
20. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the commodities mentioned in this document.
21. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein.
22. The commodities described herein may or may not be eligible for trade in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.
23. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.
24. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may (a) from time to time, have long or short positions in, and buy or sell the commodities mentioned herein or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodity/ (ies) discussed herein or have other potential conflict of interest with respect to any recommendation and related information and opinions. However the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the commodities mentioned in the research report.
25. MOFSL and it's associates and Research Analyst have not received any compensation or other benefits in connection with the research report. Compensation of Research Analysts is not based on any brokerage transactions generated by broking activities under Motilal Oswal group.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.