Monday, August 11, 2025

Crude Oil, Natural Gas, Trade & Economic Data

Oil prices saw a sharp sell-off last week, marking a 5% weekly decline as markets await upcoming talks between U.S. President Donald Trump and Russian President Vladimir Putin on the Ukraine conflict. Hopes for a potential peace deal are raising expectations that sanctions on Russian oil could be eased, which would boost global supply and put further downward pressure on prices. So far this year, oil prices are down more than 10% as OPEC+ members have increased production faster than anticipated, ending supply cuts implemented in 2023. Market sentiment is being shaped by optimism over a possible Ukraine ceasefire, pressure on nations importing Russian oil, and broader concerns about the global economy, including U.S. inflation figures and new tariffs. Traders are closely watching the Trump–Putin meeting, as peace agreement could exacerbate the oversupply expected later in the year.

President Trump has imposed an additional 25% tariff on all Indian imports in response to India's continued purchases of Russian crude oil, raising the total tariff rate to 50%—one of the highest applied by the U.S. to any trade partner. Wall Street analysts warn that this move could endanger up to 3.5 Mbpd of global oil supply, as it disrupts a major channel for Russian crude. The possibility of a Trump–Putin meeting has added further volatility to oil markets, as outcomes from such talks could influence the scope of tariffs and secondary sanctions on Indian oil dealings. With the U.S. deadline for a Russia–Ukraine peace deal expiring today, the risk remains high that Washington may impose even harsher measures against Moscow if no agreement is reached.

In response to these escalating tariffs and geopolitical uncertainty, Indian refiners have begun seeking alternative sources of oil. Two major state-controlled refiners recently secured deals for about 22 Mbs of non-

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	5600	63.85	66.42
Close	5610	63.88	66.59
1 Week Chg.	10	0.03	0.17
%change	-4.71%	-5.12%	-4.42%
OI	11635	277087	0
OI change	4004	-61695	0
Pivot	5595	63.74	66.45
Resistance	5678	64.72	67.36
Support	5526	62.91	65.67

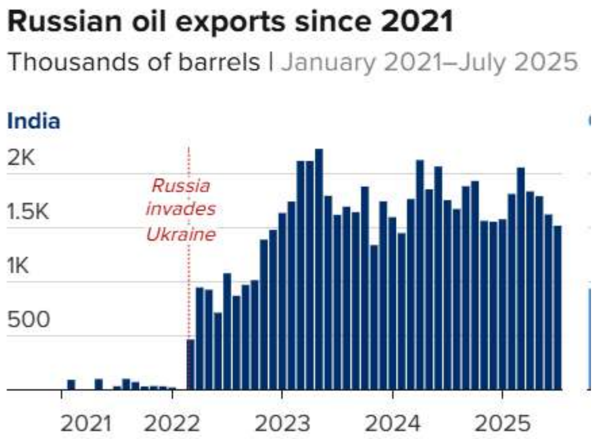
Natural Gas		
Exchange	MCX	NYMEX-NG
Open	270	3.086
Close	260.8	2.99
1 Week Chg.	-9.2	-0.10
%change	-3.41%	-3.11%
OI	37713	221966
OI change	4.23%	-20.93%
Pivot	264.5	3.02
Resistance	269.0	3.08
Support	256.4	2.93

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	-61	-1.49
2nd month	-42	-0.39

WTI-Brent spread$	
1st month	-0.67
2nd month	-0.43

Russian crude to be delivered over next few months in effort to reduce reliance on Russian supplies and mitigate impact of U.S. penalties.

On the EIA inventory front, U.S. commercial crude oil inventories fell by 3 Mbs to 423.7 Mbs. Crude oil held in the SPR totaled 403.0 Mbs, up slightly from 402.7 Mbs a week earlier, and significantly higher than the 375.8 Mbs recorded. For product stocks, total U.S. petroleum inventories reached 1.662 Mbs. This represents a 2.3 Mbs increase from the previous week but a 3.3 Mbs decline compared to same week last year. The EIA noted that commercial crude stocks are approximately 6% below 5yr seasonal average. Motor gasoline inventories fell by 1.3 Mbs and are around 1% below 5yr average, with both finished gasoline and blending component stocks declining. Distillate fuel inventories dropped by 0.6 Mbs and remain 16% below seasonal average.

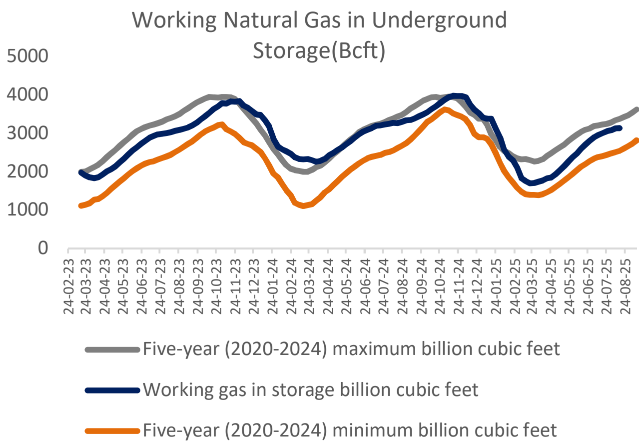


On a positive note, China's crude oil imports rose sharply in July, climbing 11.5% YoY to an average of 11.2 Mbpd. However, this was still 5.4% lower than in June, when imports spiked to 12.14 million bpd — the highest in nearly two years. The June surge was driven by restocking after refinery maintenance and opportunistic purchases by independent refiners taking advantage of steep discounts on sanctioned crude.

Globally, the oil market has proved tighter than many expected, even with the rollback of OPEC+ production cuts. This is partly because the group has not been restoring output at the full pace it pledged. Nevertheless, these supply-side factors have not been enough to offset the dampening effect of tariffs on overall market sentiment.

Crude oil prices are expected to remain in a narrow range as markets await clarity on potential new sanctions and trade negotiations. This week, market participants will focus on monthly reports from IEA, EIA, and OPEC to assess demand-supply dynamics. Additionally, more news on tariffs and sanctions could inject further volatility into crude market

Natural gas prices experienced a choppy week, driven by mixe fundamentals and shifting weather forecasts, resulting in a patter where rallies were sold and dips were bought. Demand remair subdued, with most of the reduction in projected consumption comir in the 10–15 day range due to cooler conditions along the East Coast. O the bullish side, LNG feedgas nominations remain strong at above 17 B (subject to revisions), and intense heat pattern is expected over the ne 8–9 days. This week's production data will be closely watched to see U.S. output stays near 107 Bcfd The latest Baker Hughes rig count ende a three-week streak of gas rig additions, showing a decline of one unit.



Traders are monitoring whether power burns can reach 50 Bcf/day. For the 10–15 day period, forecasts have shifted cooler as high pressure moves from the eastern two-thirds of the country to the western two-thirds. Wind power generation is expected to ease in the short term before picking up again later in the week.

U.S. natural gas supplies are robust at 3,100 Bcf, and the upcoming EIA report is expected to show an injection moderately above the five-year average, pushing surpluses toward +200 Bcf. The next two storage builds should be smaller than average due to the current heat, but the fourth week out could see a larger build. On the hurricane front, while the Gulf of Mexico threat has eased, an approaching low-pressure system in the Atlantic is expected to reduce natural gas demand in the eastern U.S. from August 19–22. Overall, end-of-season storage is still projected to be ample, likely near or above 3,900 Bcf. Weather model updates will be crucial in confirming whether the current cooler trends persist.

Crude Oil:

In the previous week, Crude oil prices experienced significant volatility and closed on a negative note with a loss of 268 rupees, representing a 4.56% loss. The prices on the daily chart are exhibiting a breakdown from a symmetrical triangle pattern after failing to sustain above the resistance at 5,850. The price has slipped below the 21-day EMA, indicating a shift in short-term momentum toward bearish territory. The immediate support is placed at S1- 5,500, followed by a deeper downside potential toward S2- 5,200 if selling pressure persists. On the upside, any recovery will face resistance at 5,850 (R1) and 6,100 (R2). The RSI is trending below 50 level with bearish crossover, reflecting weakening buying momentum and suggesting possibility of further downside in the near term unless a strong reversal signal emerges.

Natural Gas:

In the previous week, Natural gas prices closed on a negative note, registering a drop of Rs 8.8or 3.26%. The prices on the daily chart have extended their decline after breaching the ascending trend line support near 280, confirming a bearish breakout. The contract is trading well below the 21-day EMA, indicating sustained downside momentum. Immediate support is aligned at S1 244, and a breakdown below this level could accelerate weakness toward S2 230. The RSI remains below the 50 mark and is showing a downward bias, suggesting prevailing bearish sentiment and the likelihood of continued selling pressure in the near term. The overall trend remains bearish, with a sell on rise strategy recommended, targeting levels between 244 and 230. Key resistance levels are identified at 270 and 280 levels, respectively.

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