Monday, September 15, 2025

Oil finished higher last week as concerns about Russian crude flows intensified following Ukrainian strikes on energy infrastructure and stalled peace negotiations, which raised the prospect of additional Western sanctions. Over the weekend, Ukraine reportedly launched a large attack on Russia's Kirishi refinery, one of the country's three largest facilities with roughly 355,000 bpd capacity. Escalating geopolitical risk in Europe and the Middle East is bullish for crude. Tensions rose after Poland shot down Russian drones that crossed its border amid Russia's latest attacks on Ukraine, and reports that Israel struck targets in Doha—prompting Qatari objections that the action violated international law—added fears the Middle East conflict could widen. That region supplies about one-third of global oil.

Despite those bullish drivers, gains were limited by signs of slowing U.S. demand and a looming global supply surplus. OPEC+ agreed to raise production by 137,000 bpd from October—far less than the 547,000 bpd increases in August and September—and said the restart of the remaining 1.66 million bpd of idled capacity will depend on market conditions. Still, Saudi Arabia cut official selling prices for all its crude grades to Asia by $1 a barrel for October, a deeper reduction than the market had expected (-$0.50), signaling weak demand.

Market sentiment was also shaped by equities and macro data. A rally in stocks, with the S&P hitting a record high, supports a "risk-on" view and stronger energy demand expectations, while a stronger dollar and a softer University of Michigan September consumer sentiment reading (55.4,

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	5480	62.27	66.24
Close	5526	62.69	66.99
1 Week Chg.	46	0.42	0.75
%change	1.45%	1.33%	2.27%
OI	6550	142020	0
OI change	5209	-107657	0
Pivot	5542	62.79	66.96
Resistance	5631	63.88	68.20
Support	5438	61.59	65.74

Natural Gas		
Exchange	MCX	NYMEX-NG
Open	260.2	2.918
Close	261.4	2.94
1 Week Chg.	1.2	0.02
%change	0.46%	0.79%
OI	28109	146438
OI change	25.95%	-31.22%
Pivot	260.9	2.95
Resistance	265.7	3.00
Support	256.7	2.89

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	0	-0.50
2nd month	8	-0.13

WTI-Brent spread$	
1st month	-0.45
2nd month	-0.37

down 2.8 points and below the 58.0 forecast) limited upside for crude.

Meanwhile, China is continuing its crude stockpiling throughout next year, but even the buying spree from the world's top crude importer would not be sufficient to support oil prices into the $60s per barrel as a major glut looms over the market in the coming months.

On inventories and supply, U.S. crude stocks unexpectedly rose by 3.9 million barrels last week, pointing to weaker summer demand and adding to oversupply concerns—even though EIA data show U.S. crude inventories as of September 5 were 3.2% below the five-year seasonal average, gasoline was 0.6% below, and distillates were 10.4% below. U.S. crude production edged up 0.5% week-on-week to 13.495 million bpd (still modestly under the record 13.631 million bpd). Meanwhile, the IEA raised its 2026 global surplus forecast to 3.33 million bpd—360,000 bpd higher than its August estimate—citing OPEC+ plans to revive production. Finally, U.S. threats to sanction Russian crude did not materialize, even as Ukrainian attacks have reduced Russian refinery processing—runs averaged just 5.09 million bpd in the first 27 days of August, the lowest monthly pace in over 3.25 years—tightening available crude and supporting prices.

October 2025 Required Production Table (kbd)

Country	October 2025 Production Increments (kbd)	October 2025 Required Production (kbd)
Algeria	4	963
Iraq	17	4,237
Kuwait	11	2,559
Saudi Arabia	42	10,020
UAE	12	3,387
Kazakhstan	6	1,556
Oman	3	804
Russia	42	9,491
Total	137	

Source: OPEC

Natural gas prices tumbled amid a higher-than-expected build in weekly natural gas stockpiles. Weekly EIA report showed that natural gas inventories rose +71 bcf in the week ended September 5, above expectations of +68 bcf and the five-year average of +56 bcf. As of September 5, natural gas inventories were down -1.3% y/y, but were +6.0% above their 5-year seasonal average, signaling adequate natural gas supplies. Gas storage in Europe was 80% full, compared to the 5-year seasonal average of 86% full for this time of year. Further downside in natural gas prices in the near term appears limited due to forecasts for warmer US weather, which will boost natural gas demand from electricity providers to power the increased air conditioning usage. Higher US natural gas production has recently been a bearish factor for prices.

Data S&P Global www.zmansenergybrain.com

EIA raised its forecast for 2025 US natural gas production by +0.2% to 106.63 bcf/day from August's estimate of 106.40 bcf/day. US natural gas production is currently near a record high, with active US nat-gas rigs recently posting a 2-year high.

Outlook:

WTI is buffeted by the competing forces of geopolitical risks and bearish fundamentals, prices have been stuck in a band between roughly $62 and $67 a barrel since early August. Oil prices are expected to stay positive this week, as the narrative has shifted toward sanctions and supply risk rather than oversupply.

Technical Outlook

Crude Oil

Over the past few weeks, crude oil has been trading in a sideways range, showing indecision and lack of clear directional momentum. The price has been confined within a descending wedge pattern, with resistance near 5,720 rupees and support around 5,380 rupees. The market remains range-bound between these key levels, and the overall view is neutral until there is a decisive breakout. A sustained move above 5,720 would signal a potential bullish breakout, while a break below 5,380 would indicate further downside risk. Until either of these critical levels is breached, crude oil is likely to continue oscillating sideways. Traders should watch for a confirmed breakout or breakdown to determine the next directional move.

Natural Gas

In the previous week, natural gas prices remained near a strong support level, forming a potential inverse head and shoulders pattern—a reliable bullish reversal signal. Confirmation of this bullish setup will come with a daily candle close above 268 rupees. Once this level is decisively breached, prices could rally further, testing resistance levels in the 280 to 285 rupees range. The technical outlook remains positive as long as prices hold above support and follow through with strength above 268.

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