Monday, October 27, 2025

Crude oil prices witnessed heightened volatility in the previous week, swinging between multi-month lows and sharp rebounds as geopolitical developments, sanctions, and mixed inventory data drove sentiment. Last week started in red, as crude tumbled to a fresh five-month low after U.S. President Trump announced plans to meet Russian President Putin to discuss ending the war in Ukraine, raising expectations that Russian crude could soon re-enter global markets more freely. These developments were reported with U.K. imposing sanctions on Russia's largest oil producers, two Chinese energy firms, and Indian refiner Nayara Energy Ltd. over their handling of Russian fuel.

However, prices rebounded strongly midweek after the U.S. announced sweeping sanctions against Russia's largest oil companies, effectively tightening global supply channels and threatening to disrupt trade flows. This move marked one of the toughest energy-related sanctions from US since the start of the conflict and triggered oil's biggest one-day gain in more than four months. Market optimism was further buoyed by upbeat U.S. EIA data showing a surprise drawdown of 0.96 million barrels in crude inventories, defying forecasts for a build of 2.2 million barrels. Gasoline and distillate stockpiles also declined, suggesting resilient fuel demand in the world's largest oil consumer.

Despite the short-lived rally, market remained cautious as traders evaluated real impact of sanctions and the potential for Russia to bypass restrictions, as it has in the past through alternative shipping routes and intermediary trading hubs. Amidst these tensions, Baltic dry index has also increased significantly since start of this year. Uncertainty also increased as European Union introduced a phased ban on Russian liquefied natural gas (LNG) imports and new curbs on vessels and financial channels linked to Moscow's oil trade.

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	5590	63.59	67.46
Close	5550	62.68	66.68
1 Week Chg.	-40	-0.91	-0.78
%change	0.43%	-0.02%	-0.46%
OI	1180	17577	0
OI change	5370	-124425	0
Pivot	5566	62.98	66.90
Resistance	5598	63.35	67.35
Support	5519	62.30	66.22

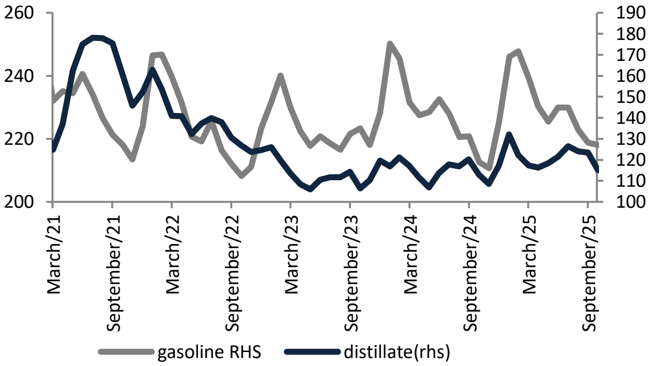
Natural Gas		
Exchange	MCX	NYMEX-NG
Open	260	2.939
Close	254.2	2.89
1 Week Chg.	-5.8	-0.05
%change	-2.23%	-1.74%
OI	23845	65961
OI change	15.17%	-54.94%
Pivot	255.7	2.90
Resistance	258.8	2.94
Support	251.0	2.85

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	-23	-0.70
2nd month	-16	-0.28

WTI-Brent spread$	
1st month	-0.64
2nd month	-0.44

U.S. domestic market presented a mixed picture. EIA reported that refinery runs declined in nearly all regions, pulling the nationwide figure to its lowest seasonal level since 2021, even as Cushing, Oklahoma — the key delivery hub — saw stockpiles fall to their lowest since July. These figures highlight supply-side adjustments against backdrop of fluctuating demand and refining margins. Meanwhile, US rig count increased to its highest in four months, signalling producer confidence and potential capacity expansion in the months ahead.

US Product Stock(million barrels)



Source: EIA

Crude prices found additional support after U.S. and Chinese officials outlined a substantial framework for a new trade deal during talks in Kuala Lumpur. The agreement, expected to be finalized by Presidents Trump and Xi Jinping later this week, aims to avert planned 100% tariffs on Chinese goods and delay China's rare earth export restrictions. US officials have mentioned this meet over the weekend as a very positive step towards the trade talks however, there is no word from China.

On natural gas front, price action was quite choppy. Early in the week, gas prices retreated to a three-week low amid warmer-than-expected U.S. weather forecasts, which dampened heating demand. A larger-than-expected storage build added further downward pressure. The EIA reported an increase of 87 billion cubic feet (bcf) in natural gas inventories for the week ending October 17, surpassing both market expectations of an 83 bcf build and the five-year average of 77 bcf. Output in the Lower 48 states averaged 106.4 billion cubic feet per day in October, down from 107.4 bcfd in September and below the record 108 bcfd reached in August. Rising LNG exports and robust international demand — particularly from Asia — have provided a floor for prices despite near-term weather-related weakness.

Looking ahead, potential meeting between President Trump and Putin could determine the trajectory of Russian supply, while any concrete progress in U.S.-China negotiations may bolster global demand sentiment. Traders will also monitor upcoming U.S. inventory data and refinery activity for signs of domestic supply trends. In natural gas, focus will shift toward winter forecasts, storage dynamics, and the ongoing expansion of LNG exports. For the week crude could trade in a broad range while, natural gas could trade with a positive bias.

Technical Outlook

Crude Oil

Crude Oil futures on the MCX recorded a weekly gain of 7.40%. On the daily chart, prices continue to trade within a broad consolidation range, indicating a lack of clear directional bias. The contract is currently hovering around the 21-period Exponential Moving Average (EMA), reflecting ongoing market indecision. A breakout above ₹5,550 could trigger fresh bullish momentum, paving the way for an upside move towards ₹5,850. On the other hand, a breakdown below ₹5,250 may lead to renewed selling pressure, with potential downside targets near ₹5,050. Until a clear breakout or breakdown occurs, prices are expected to remain range-bound.

Natural Gas

Natural Gas futures on the MCX posted a weekly gain of 5.17% (₹17). On the daily chart, prices have been moving within a broad consolidation range with a positive bias, while the lower time frame shows a pattern of higher highs and higher lows, indicating ongoing strength. The contract is currently holding above the 21-day Exponential Moving Average (EMA), reinforcing the prevailing bullish sentiment. Moreover, the 14-period Relative Strength Index (RSI) remains above 50, highlighting sustained upward momentum. Given this setup, a “buy on dips” strategy is recommended. Key support levels are placed in the ₹333–₹315 zone, while upside targets are seen at ₹366 and ₹383 in the near term.

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