Monday, December 15, 2025

Start of December offered some ray of hope to crude prices however, 3.5% fall last week dashed all revival possibilities. Crude ended last week under renewed pressure as rising global supply continued to outweigh any geopolitical support. Brief lift from Venezuelan disruptions and U.S. tanker seizures faded quickly, with the market refocusing on a structurally oversupplied backdrop and a softer demand outlook.

Global production has remained exceptionally strong through 2025, and while U.S. growth could moderate next year, the slowdown is not enough to tighten balances. Inventories continue to build, and both the EIA and IEA expect stock additions to persist well into 2026. Fresh barrels from Brazil, Guyana, and other non-OPEC+ producers are amplifying the risk of a potential "super-glut," while demand remains fragile.

The U.S. seized a sanctioned oil tanker off the coast of Venezuela, President Donald Trump said last week. The U.S. is preparing to intercept more ships transporting Venezuelan oil after the seizure of a tanker this week.

December 2025 IEA and OPEC reports highlighted a mixed outlook for the oil market heading into 2026, marked by demand uncertainty and ample supply. The IEA maintained a cautious tone, pointing to slowing global demand growth amid weaker manufacturing activity, energy transition gains, and subdued growth in advanced economies, while noting that non-OPEC supply remains comfortable. OPEC, in contrast, retained a more optimistic stance, emphasizing resilient demand from emerging markets, particularly Asia, and underscoring the need for continued supply discipline. Both agencies flagged geopolitical risks, inventory dynamics, and policy uncertainty as key variables, with prices expected to remain sensitive to macro data, OPEC+ policy decisions, and global growth signals in the coming months.

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	5230	57.89	61.6
Close	5228	57.44	61.12
1 Week Chg.	-2	-0.45	-0.48
%change	-3.67%	-4.39%	-4.13%
OI	7894	141201	0
OI change	5713	-133980	0
Pivot	5224	57.59	61.26
Resistance	5264	58.04	61.72
Support	5187	57.00	60.67

Natural Gas		
Exchange	MCX	NYMEX-NG
Open	380.9	4.231
Close	376.5	4.11
1 Week Chg.	-4.4	-0.12
%change	-1.16%	-2.79%
OI	20815	101149
OI change	38.86%	-51.13%
Pivot	377.3	4.15
Resistance	385.4	4.23
Support	368.3	4.03

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	10	-0.36
2nd month	8	-0.10

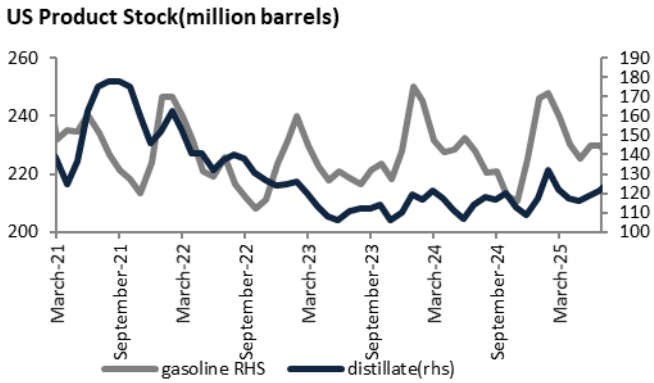
WTI-Brent spread$	
1st month	-0.28
2nd month	-0.19

Overall, fundamentals reinforce a market still defined by surplus. Geopolitical headlines may trigger short-lived rallies, but sustained upside is unlikely without meaningful supply restraint or a stronger demand recovery.

Natural gas slumped nearly 24% last week as forecasts pivoted towards warmer weather pattern. Expectations of a broader U.S. cold snap had briefly supported prices at the start of the month, but NOAA's latest outlooks turned decisively mild across most regions, a view reinforced by Atmospheric G2, which flagged widespread warmth across the South and East during Dec 16–20, extending into Dec 21–25.

Even last friday's NOAA outlook continues to favor a mild temperature bias across much of the U.S., with above-normal temperatures dominating the Southern and Central regions, while colder-than-normal conditions remain largely confined to Alaska and parts of the Northern Plains. The Northeast remains a mixed signal and is best characterized as near normal, keeping the overall cold footprint limited. This broadly mild setup into early January suggests reduced heating demand and a continued headwind for prices.

The rapid reset in temperature expectations was the primary catalyst for the selloff, outweighing the EIA storage draw of 177 bcf, more than double the five-year average. Despite the sizable withdrawal, inventories remain 2.8% above the five-year norm, reinforcing a comfortable supply backdrop and leaving weather as the dominant near-term driver.



Source: EIA

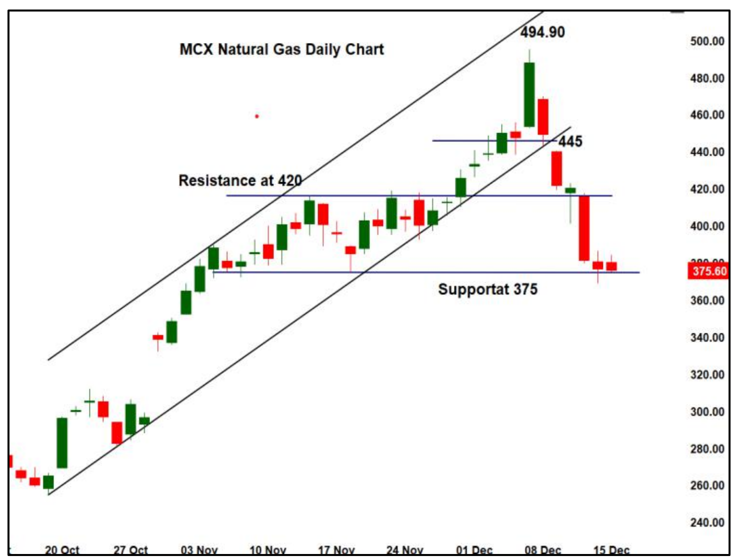
Technical Outlook

Crude Oil

MCX Crude oil has been trading in a symmetrical triangle formation and reverently has reversed from the lower bound of the rising trend line having support at Rs.5160. As long as price holds above the same can see a positive move towards Rs.5400 – 5450. It will also act as short-term resistance of upper bound of falling trend line. So, buying is recommended in the upcoming trading sessions however upside too will be capped at the recommended target. Downside for the counter will resume if it breaks and sustains below the critical support of Rs.5160 and in that case it will confirm the triangle breakdown and will confirm further weakness towards Rs.5075 – 4950 levels

Natural Gas

MCX natural gas has corrected sharply from its recent peak of Rs.494.90 and not given any sign of reversal as of now. Currently the counter is trading close to key support of Rs.375 and price sustained break below the same will confirm further weakness in price towards 340 - 325 levels. So, selling on sustained break below support is recommended. Immediate resistance is at Rs.400 and critical resistance is at Rs.420. Our bias for the counter will negate if it breaks above the immediate resistance and in that case, it will give initial sign of reversal.



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