Monday, December 29, 2025

Crude oil prices saw a two-phase move last week, with early-week gains followed by a sharp sell-off on Friday, as markets swung between short-lived geopolitical support and the rooted oversupply concerns. Prices initially moved higher at the start of the week after the U.S. intensified pressure on Venezuelan oil shipments, including attempts to intercept sanctioned tankers, while Ukrainian drone attacks damaged vessels and port infrastructure in Russia's Black Sea region, a key route for Russian energy exports. These developments ignited some geopolitical risk premium, especially in thin holiday liquidity, allowing prices to rebound from recent lows despite weak fundamentals.

However, the rally proved unsustainable as the market's focus shifted back to the looming global supply glut. The IEA's December outlook showing a potential surplus of nearly 3.8 million bpd in 2026, elevated global inventories, and visible fuel oil stock builds in Asian, particularly in Singapore, reinforced concerns that physical markets remain well supplied. Although China offered some near-term support through continued crude stockpiling and steady fuel export quotas for 2026, these positives were not strong enough to offset broader supply-side pressures.

Selling accelerated sharply on Friday as traders booked profits and de-risked ahead of the weekend as optimism around incremental progress in U.S.-led Russia–Ukraine peace efforts triggered a rapid unwind of the geopolitical premium. As a result, Crude prices plunged on Friday, erasing most of the week's gains and underscoring that, despite periodic headline-driven upswings, crude markets remain capped by surplus concerns and high inventories.

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	5281	58.35	61.9
Close	5182	56.74	60.24
1 Week Chg.	-99	-1.61	-1.66
%change	1.51%	0.39%	0.32%
OI	18692	303776	0
OI change	3619	-22197	0
Pivot	5223	57.42	60.89
Resistance	5273	58.20	61.61
Support	5133	55.97	59.51

Natural Gas		
Exchange	MCX	NYMEX-NG
Open	344	3.733
Close	352.5	3.88
1 Week Chg.	8.5	0.14
%change	2.47%	3.86%
OI	22068	171341
OI change	4.71%	6.25%
Pivot	351.0	3.85
Resistance	358.0	3.97
Support	345.5	3.76

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	10	-0.29
2nd month	53	-0.02

WTI-Brent spread$	
1st month	-0.27
2nd month	-0.12

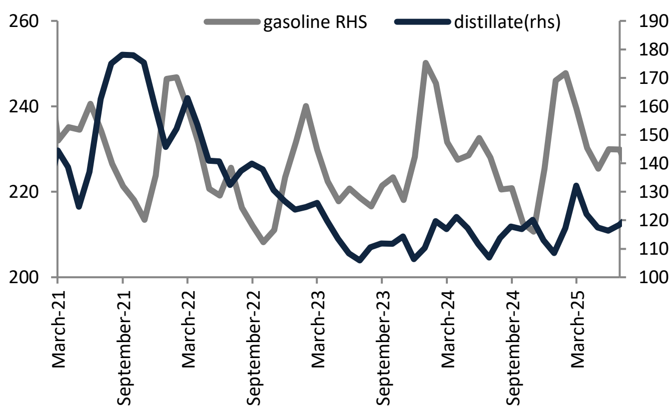
Natural gas prices are likely to remain under pressure, as the broader weather and demand outlook continues to skew bearish to neutral. The latest Weeks 3–4 forecasts point to a La Niña–driven pattern, which typically favors milder-than-normal conditions across large parts of the U.S., particularly the central and southern regions. With the Madden–Julian Oscillation inactive and no sustained Arctic intrusions showing up in the models, heating demand is expected to remain below seasonal norms, limiting storage withdrawals and preventing a meaningful tightening of the national gas balance.

Cold risks during the mid-January window appear localized, largely confined to the Upper Midwest and parts of the Great Lakes. While these regions may see episodic cold, they are not extensive enough to significantly lift nationwide heating demand or materially alter storage trajectories. Unless forecast models begin to converge toward stronger northern-tier outlook or a more active MJO phase that could unlock deeper cold across the eastern U.S., the prevailing weather setup remains unsupportive for a sustained price rebound.

On the supply side, Russia has delayed its target of reaching 100 million tons per year of LNG output by several years due to Western sanctions, with production now projected at 90–105 million tons by 2030. While this caps future Russian LNG growth, near-term global LNG availability remains ample due to rising exports from the U.S. and Qatar, limiting any immediate bullish spillover into prices.

In the near term, markets should closely monitor holiday-delayed U.S. inventory data for natural gas, which could drive short-term volatility. However, unless storage reports show unexpectedly large draws or weather risks intensify meaningfully, the combination of mild demand conditions and sufficient supply suggests that natural gas prices are likely to remain capped, with rallies vulnerable to selling.

US Product Stock(million barrels)



Source: EIA

Technical Outlook

Crude Oil

MCX Crude Oil prices edged higher in the previous week, gaining around ₹77, or nearly 1.5%. Despite this recovery, the broader price structure continues to remain sideways, with prices oscillating within a well-defined range and lacking clear directional conviction. The market is currently respecting key support and resistance levels, indicating a balance between buyers and sellers. From a trading perspective, meaningful buying interest is expected only on a decisive breakout above the ₹5,450 zone, while fresh selling pressure would emerge only if prices slip below ₹5,000. Until either of these levels is breached, crude oil is likely to remain range-bound with choppy and non-directional moves, suggesting a wait-and-watch approach in the near term.

Natural Gas

MCX Natural Gas posted a recovery in the previous week, gaining nearly ₹20, or about 6%, indicating some short-term buying interest at lower levels. However, this rebound comes after a sharp sell-off over the prior two weeks, a move that cannot be ignored and still weighs on the broader structure. While prices have managed to stabilize, the trend remains fragile and selective buying is visible. Fresh and sustained buying interest is expected only if prices decisively move above the ₹360 zone, which could then open the path toward ₹390. Until this resistance is convincingly taken out, prices may continue to face pressure and struggle with range-bound and volatile moves

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