Monday, January 19, 2026

Crude prices remain capped by a persistent supply overhang, with rising inventories reinforcing the glut narrative despite ongoing geopolitical tensions. While risks around Iran, Russia, Venezuela, and the Black Sea continue to inject episodic volatility, these disruptions have not translated into sustained supply tightness.

Recent pullback in Crude prices reflects a clear unwinding of geopolitical risk premium, particularly after Iran's crackdown on protests reduced the likelihood of U.S. military intervention. This led to a swift erosion of the so-called "Iran premium," amid a larger-than-expected U.S. crude inventory build, underscoring near-term bearish supply dynamics and reinforcing range-bound trading conditions.

Supply risks in the Black Sea and Russia-Ukraine corridor persist, with drone strikes disrupting power infrastructure and weighing on CPC Blend exports. However, these disruptions have so far resulted more in pricing discounts and logistical inefficiencies rather than meaningful global supply losses.

Meanwhile, U.S. interest in Venezuelan oil reflects refinery optimization needs, particularly for heavy sour barrels, rather than outright scarcity, with production ramp-ups expected to be gradual and structurally constrained.

On the macro front, a broader risk-off tone is adding pressure after President Trump threatened fresh tariffs linked to Greenland, prompting EU nations to rally in support of Greenland and raising the risk of retaliatory trade measures.

For now Crude oil barrels exist, but flows are shaped more by policy, logistics, and geopolitics than by true scarcity. Until inventories draw meaningfully or demand shows a clearer acceleration or there is an evident supply disruption, crude rallies are likely to remain temporary rather than trend-defining, with downside risks re-emerging as geopolitical tensions ease.

Crude Oil			
Exchange	**MCX**	**NYMEX-WTI**	**ICE-Brent**
Open	5357	58.99	63.07
Close	5449	59.20	63.46
1 Week Chg.	92	0.21	0.39
%change	1.55%	0.70%	1.07%
OI	13496	174185	#N/A
OI change	7015	17273	#N/A
Pivot	5423	59.24	63.43
Resistance	5502	59.82	64.08
Support	5371	58.62	62.80

Natural Gas		
Exchange	**MCX**	**NYMEX-NG**
Open	285.7	3.146
Close	280.4	3.10
1 Week Chg.	-5.3	-0.04
%change	-1.86%	-1.37%
OI	26928	80496
OI change	11.12%	-49.70%
Pivot	283.1	3.12
Resistance	291.1	3.22
Support	272.3	3.01

Front Month Calendar Spread		
Exchange	**MCX**	**NYMEX($)**
1st month	26	-0.24
2nd month	21	-0.14

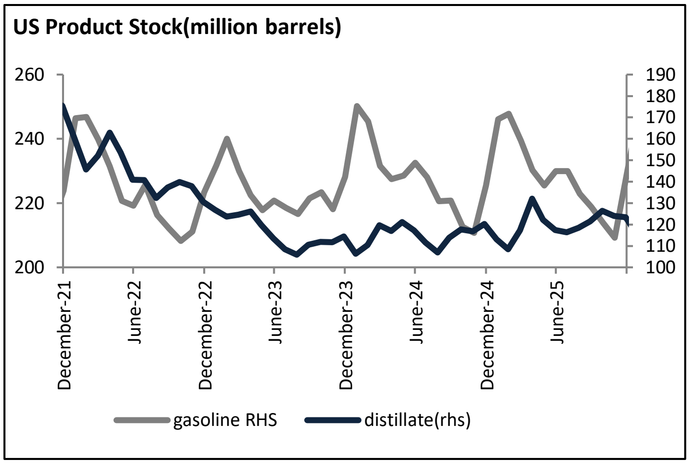
WTI-Brent spread$	
1st month	-0.67
2nd month	-0.41

Natural gas prices have been under pressure in the recent week as no major sustained cold projections supported prices. Even the easing tension from Iran also added some pressure on Natural gas prices.

However, Natural Gas opened on a strong note this week with prices rallying sharply as weather forecasts turn decisively colder across some U.S. regions. Both the 6–10 day outlook and the CPC Week 3–4 forecast (Jan 31–Feb 13) point to below-normal temperatures across the Midwest, Mid-Atlantic, and Northeast, lifting expectations for stronger heating demand and faster storage withdrawals.

This cold bias is reinforced by persistent La Niña conditions, a negative Arctic Oscillation, and an active Madden-Julian Oscillation, increasing the likelihood of sustained cold rather than brief weather disruptions. At the same time, European gas markets remain tight, with TTF prices surging as storage levels sit well below seasonal averages and colder weather looms, adding to the global bullish tone.

Meanwhile, China's LNG imports fell to a three-year low in 2025, highlighting softer Asian demand that could redirect more LNG cargoes toward Europe and the Atlantic Basin. However, near-term weather-driven demand in the U.S. and Europe is currently dominating price action. The alignment of short- and medium-term cold forecasts keeps upside risk to natural gas prices intact, as prolonged cold raises the risk of tighter near-term supply-demand balances despite weaker Asian imports.



Source: EIA

Technical Outlook

Crude Oil

MCX Crude oil marked a high of Rs.5610 however failed to extend it rally and turned lower in the preceding week. Currently it is trading close to immediate strong resistance at Rs.5420 and sustained trade above the same will again lead the rally towards Rs.5610 – 5760 levels in the short-term. Immediate support is placed at Rs.5200 whereas critical support is at Rs.5020. Overall bias looks sideways-to-positive however upside too looks capped around the recommended resistance zone

Natural Gas

MCX Natural gas has been forming lower highs and lower lows patter which signifies weakness in price. However, the counter has recently given a breakout above the downward sloping trend line giving initial sign of reversal. Immediate resistance is at Rs.316 and price sustained trade above the same will lead the rally towards Rs.350 – 360 levels. Immediate support is at Rs.295 whereas critical support is at Rs.278 levels. Buying on sustained break above resistance is advised, but our bias will negate below immediate support

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