Monday, February 16, 2026

Crude oil prices witnessed a volatile last week, ultimately settling marginally lower as markets priced a gradual unwinding of geopolitical risk premiums alongside emerging supply-side pressures. Prices opened on a firm footing, supported by renewed U.S.–Iran tensions that revived fears of potential disruptions across critical Middle East transit routes, with recent OPEC output declines adding to early support.

However, the bullish momentum proved short-lived as diplomatic developments between US & Iran including the prospect of renewed nuclear negotiations helped ease immediate conflict risks. The shift in tone triggered a steady erosion of embedded risk premiums, with markets reassessing the probability of disruption-led supply shocks. While headline sensitivity to U.S.–Iran developments continued, crude remained largely unresponsive even to escalations in Russia–Ukraine hostilities, reinforcing the view that traders were reluctant to price sustained geopolitical risk without threats of tangible supply losses.

Key agencies such as the EIA and IEA trimmed global oil demand growth forecasts while flagging the risk of a sizeable market surplus reinforcing the narrative of comfortable balances amid softer macro signals from major consuming regions.

On the supply front, a hefty build in U.S. crude inventories pointed to weaker refinery demand and ample near-term availability. Expectations of incremental Venezuelan barrels also resurfaced following U.S. sanction easings, raising prospects of gradual production recovery and fresh upstream investment.

Meanwhile, discussions within OPEC+ around potentially resuming paused output hikes from April further cemented expectations of rising forward supply.

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	5661	62.99	67.58
Close	5723	62.89	67.75
1 Week Chg.	62	-0.1	0.17
%change	-1.73%	-1.04%	-0.44%
OI	8553	140627	0
OI change	3050	-143156	0
Pivot	5702	62.76	67.56
Resistance	5763	63.39	68.24
Support	5661	62.27	67.08

	Natural Gas	
Exchange	MCX	NYMEX-NG
Open	291.1	3.219
Close	294.1	3.24
1 Week Chg.	3	0.02
%change	1.03%	0.75%
OI	13255	100695
OI change	32.68%	-61.00%
Pivot	291.6	3.21
Resistance	300.5	3.31
Support	285.1	3.15

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	9	-0.31
2nd month	30	-0.21

WTI-Brent spread$	
1st month	-0.66
2nd month	-0.49

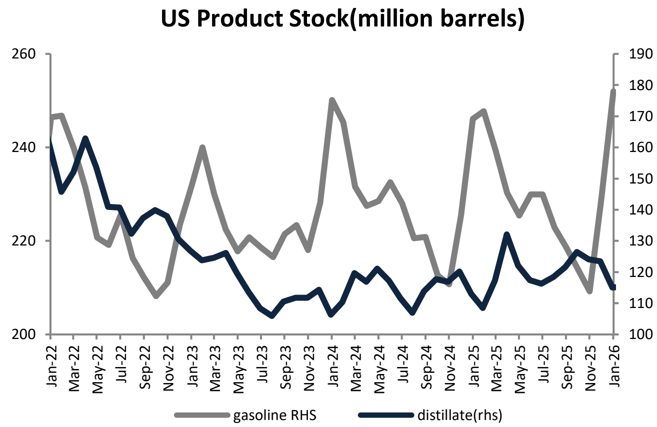
As a result, the near term price action may remain range bound, anchored by surplus risks, demand downgrades, and policy-driven supply additions and geopolitical concerns. The evolving trajectory of U.S.–Iran negotiations remains a key swing factor, with any breakdown or escalation capable of re-injecting volatility and rebuilding risk premiums in the sessions ahead.

Natural gas prices remained under pressure through the week, with the market continuing to trade in a highly weather-driven pattern with the latest NOAA Week 3–4 outlook signaled expanding warmth across key U.S. demand centers. Above-normal temperature probabilities across the Central and Eastern regions are expected to curb late-season heating demand and slow storage withdrawals. The latest EIA inventory data reported a storage draw of -249 bcf for the week ended February 6 smaller than market expectations of -257 bcf, though still significantly above the five-year average draw of -146 bcf for this time of year.

Supply dynamics remained a key bearish overhang with U.S. Lower-48 dry gas production continuing to outrun demand. LNG feedgas flows were relatively steady offering limited offset to domestic supply strength. Forward production expectations also tilted negative for prices. The EIA raised its 2026 U.S. dry gas production forecast to 109.97 bcf/day from 108.82 bcf/day previously, with current output already hovering near record highs.

On the global front, Asian LNG prices softened amid weak pre-Lunar New Year demand and broader macro softness in China, while European gas benchmarks also eased on a week-on-week basis, reflecting comfortable near-term supply conditions.

However, seasonally low EU storage levels continue to pose upside risks should a late-winter cold spell materialize. Overall, the demand-supply balance remains mildly bearish, even as intermittent weather and storage risks leave room for episodic volatility.



Source: EIA

Technical Outlook

Crude Oil

MCX Crude oil has been trading in a sideways range forming a symmetrical triangle formation on 240-min chart failing to give any trending directional move. The price has recently moved higher from its low of Rs.5640 and currently trading close to immediate resistance of Rs.5740. Price sustained move above this zone will signify further positive move towards Rs.5820 – 5900 levels. So, for short-term buying is advised but upside will be capped towards the recommended resistance.

Natural Gas

MCX Natural gas has been forming lower highs and lower lows patter which signifies weakness in price. The counter has broken a key support of Rs.290 and is sustaining well below the same. Now, immediate strong resistance is at Rs.290 – 305 zone and bias remain weak as long as price holds below the same. The counter is likely to target Rs.255 – 240 levels in the upcoming trading sessions. So, selling is recommended but our bias will negate above Rs.305 on a sustainable basis above which trend could again turn positive

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