



Monday, May 18, 2026

Crude oil prices moved sharply higher last week as geopolitical tensions in the Middle East continued to dominate the market. The biggest concern remains the closure of the Strait of Hormuz following the U.S.-Israeli strikes on Iran earlier this year. Since a major portion of global oil and LNG shipments pass through this route, the disruption has created serious fears of prolonged supply shortages. Market sentiment worsened after both the U.S. and Iran rejected each other's latest peace proposals, raising fears that diplomatic efforts had stalled.

Investors had briefly hoped that Trump's meeting with Chinese President Xi Jinping in Beijing could help ease tensions, but the summit ended without any clear progress on reopening Hormuz. Fresh geopolitical risks added further support to oil prices over the weekend after drone attacks near the UAE's Barakah nuclear facility and additional drone interceptions by Saudi Arabia.

At the same time, the UAE's formal exit from OPEC is being viewed as a longer-term structural shift for the oil market. OPEC's spare production capacity may continue shrinking over the coming years, reducing the group's ability to stabilize prices during supply disruptions.

Global oil inventories are also tightening rapidly. The International Energy Agency (IEA) estimates that around 12.8 million barrels per day of supply remain disrupted due to the ongoing conflict, while the EIA expects global oil inventories to continue falling sharply through Q2 2026. Supporting this view, U.S. crude inventories dropped by 4.3 million barrels last week, much larger than market expectations, signaling that demand remains resilient despite elevated prices.

Meanwhile, sanctions on Russian oil exports tightened further after the U.S. allowed a key sanctions waiver to expire, potentially reducing supply availability for major Asian buyers including

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	9811	102.06	106.58
Close	10080	105.42	109.26
1 Week Chg.	269	3.36	2.68
%change	2.7%	3.30%	2.50%
OI	8912	68684	0
OI change	425	-23115	0
Pivot	10012	104.30	108.42
Resistance	10217	107.12	110.59
Support	9875	102.60	107.10

Natural Gas		
Exchange	MCX	NYMEX-NG
Open	281	2.92
Close	284	2.96
1 Week Chg.	3	0.04
%change	1.07%	1.37%
OI	23790	109520
OI change	65.83%	-73.71%
Pivot	282.5	2.95
Resistance	287.4	3.00
Support	279.2	2.91

Front Month Calendar Spread		
Exchange	MCX	NYMEX(\$)
1st month	-395	-9.28
2nd month	-431	-4.31

WTI-Brent spread\$	
1st month	-4.52
2nd month	-4.42

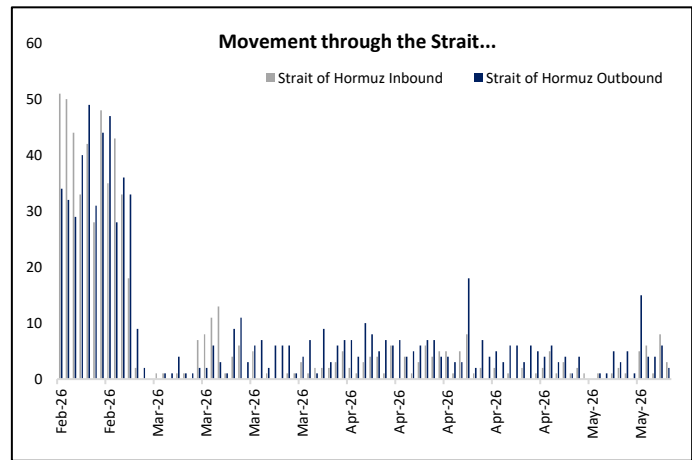
India. Looking ahead, oil markets remain highly sensitive to geopolitical developments. Any signs of peace negotiations, partial reopening of Hormuz, or weaker global demand could cool prices. However, as long as supply disruptions and regional tensions persist, the overall trend continues to favor higher oil prices.

US Natural gas prices continued to hover below \$3/MMBtu even as European and Asian LNG prices stayed nearly five to six times higher. The main reason is simple: the U.S. currently does not have enough LNG export capacity to send all of its excess gas overseas. As a result, surplus gas continues building inside the domestic market, keeping U.S. prices under pressure. The EIA’s latest outlook reinforced this bearish near-term picture by lowering its 2026 Henry Hub price forecast while raising U.S. production estimates. Strong natural gas production, especially from the Permian Basin, continues to increase supply. Storage data also remained comfortable. The latest EIA report showed an 85 Bcf storage injection, with inventories sitting well above the five-year average. This confirms that the U.S. market remains adequately supplied heading into the summer season.

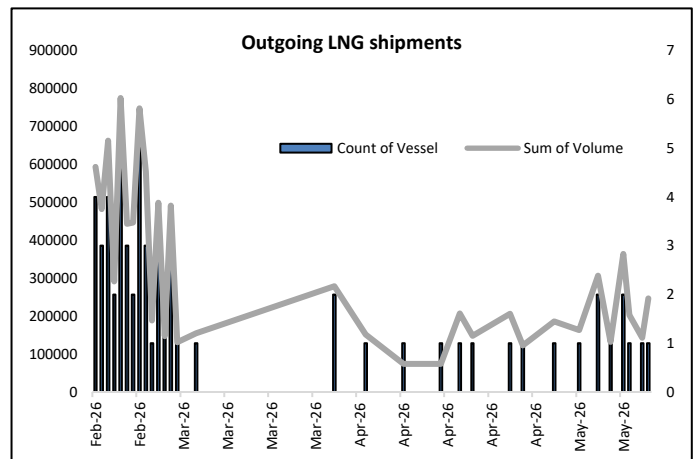
However, there were some supportive developments for prices. Warmer weather forecasts for late May and early June are expected to increase air-conditioning demand, which could boost electricity usage and natural gas consumption. Moreover, the global LNG markets remain extremely tight due to the ongoing closure of Hormuz, which continues disrupting LNG flows from major exporters in the Middle East. Although Qatar managed a limited LNG shipment through the Strait during the week, markets viewed it as an isolated event rather than a sign of broader normalization. LNG export developments in the U.S. were mixed.

New export capacity from Golden Pass LNG and Corpus Christi Stage 3 is gradually coming online, which is also positive for prices. However, temporary maintenance and operational issues at some LNG facilities limited export demand during the week kept the prices in check. The broader medium-term outlook for U.S. natural gas still remains constructive.

As more LNG export terminals become operational through 2026 and beyond, larger volumes of U.S. gas will gain access to premium global markets. This could gradually tighten domestic supply and support higher Henry Hub prices over time and in turn support prices on the MCX as well.



Source: Reuters



Source: Reuters

Technical Outlook

Crude Oil

MCX Crude oil has traded with positive bias since past couple of weeks and is currently facing stiff resistance at ₹9985 on daily chart. Short-term support is placed at ₹9435. Overall, bias for the counter looks positive and dip buying is recommended. Price sustained break above resistance will lead the rally towards ₹10350 – 10700 levels. So, buying on dip around ₹9650 – 9600 area will be recommended. However, our bias for the counter will be invalidated if price break and sustains below ₹9435



Natural Gas

MCX Natural gas has been trading in a rising channel forming higher highs and higher lows pattern which signifies strength in price for short-term. Immediate support is at ₹280 whereas critical support remains at ₹254. Overall bias still remains positive and dip buying is recommended. Initial target for the counter is at ₹300 however, any sustainable trade above the same will extend its rally towards ₹315 – 325 zone as well. So, buying is recommended but our bias will negate below ₹280 on a daily closing basis



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