Monday, May 25, 2026

Crude oil and natural gas markets witnessed heightened volatility over the past week as shifting geopolitical developments and changing demand expectations continued to drive sentiment across the energy complex. Crude oil prices declined sharply, with Brent and WTI shedding nearly 5–6% on the week as markets increasingly unwound the geopolitical risk premium tied to the US-Iran conflict.

Brent slipped below the key $100/bbl mark for the first time since mid-April, while WTI dropped near $90/bbl amid growing optimism surrounding a potential ceasefire extension and broader peace agreement between US and Iran. Diplomatic headlines remained the primary driver of price action, with every update around ceasefire negotiations and the possible reopening of the Strait of Hormuz triggering significant pull backs in oil prices.

Recent reports indicating that LNG tankers and crude vessels have gradually resumed limited transit through Iran-approved routes toward Pakistan, China, and South Korea have further reinforced hopes of eventual normalization in regional energy trade.

Despite easing prices, the Strait of Hormuz remains effectively closed while the US naval blockade also remains in place, continuing to restrict a significant portion of Middle Eastern oil and LNG flows. The IEA estimates global oil inventories are currently being drawn down at a pace of roughly 8.5 mb/d during Q2 2026 due to ongoing supply disruptions across the Gulf region.

However, maintaining such aggressive inventory withdrawals over a prolonged period appears difficult, particularly as accessible global stock buffers continue to diminish.

Although, Saudi Arabia and the UAE have increased bypass pipeline exports, alternative routes still remain insufficient to fully offset the disrupted Hormuz flows. However, even if a diplomatic agreement is reached, it could take several months for

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	9415	98	104.62
Close	9168	96.60	103.54
1 Week Chg.	-247	-1.4	-1.08
%change	-5.34%	-4.38%	-5.24%
OI	14972	257465	0
OI change	4978	-23951	0
Pivot	9259	96.92	103.75
Resistance	9464	99.11	106.15
Support	8963	94.41	101.13

Natural Gas		
Exchange	MCX	NYMEX-NG
Open	288.1	3
Close	277	2.91
1 Week Chg.	-11.1	-0.09
%change	-3.85%	-3.10%
OI	10666	15931
OI change	55.17%	-85.39%
Pivot	280.8	2.94
Resistance	285.4	2.98
Support	272.4	2.86

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	-275	-3.51
2nd month	-251	-3.50

WTI-Brent spread$	
1st month	-3.33
2nd month	-3.57

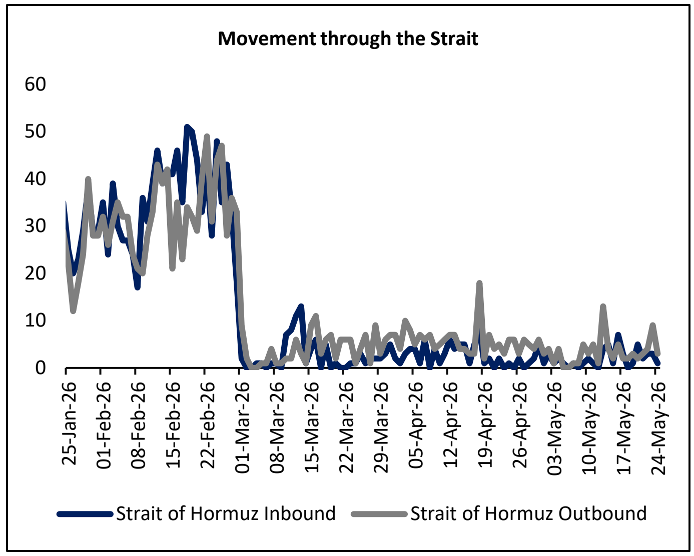
oil and LNG shipments, tanker logistics, and damaged infrastructure to recover fully.

Meanwhile, natural gas prices remained under pressure as bearish domestic fundamentals offset geopolitical support stemming from strong global LNG demand. A larger-than-expected 101 Bcf storage injection, pushed inventories further above 6 weather forecasts across large parts of the United States also weighed on sentiment by reducing expectations for strong cooling demand during the upcoming weeks.

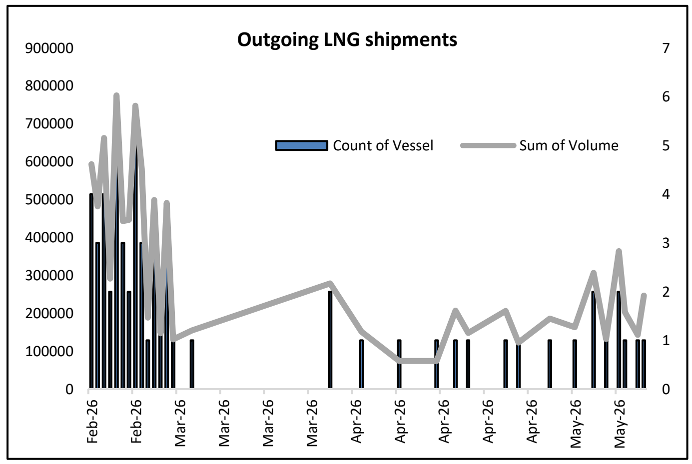
Despite near-term pressure from comfortable storage levels and milder weather forecasts, the broader natural gas outlook remains supportive amid expectations of elevated global LNG demand.

Europe continues to face tight gas supply risks due to disruptions in the Strait of Hormuz, while strong Asian demand is further intensifying competition for LNG cargoes. Additionally, the ramp-up of new US LNG export capacities is expected to strengthen long-term feedgas demand and reinforce the constructive outlook for natural gas markets.

Looking ahead, markets are expected to remain highly sensitive to developments surrounding the US-Iran negotiations, the pace of recovery in Strait of Hormuz shipping activity, upcoming EIA storage data, and evolving summer weather forecasts across the United States.



Source: Reuters



Source: Reuters

Technical Outlook

Crude Oil

MCX Crude oil has given a breakdown below the symmetrical triangle formation with a big gap and is confirming further weakness in prices for short-term. Now strong resistance is capped at ₹9050 – 9200 and overall bias remains weak below the same. Immediate support is at ₹8450 and price sustained close below the same will confirm further weakness in price towards ₹8100 – 7950 levels. So, selling on rise is recommended but our bias for the counter will be invalidated if it breaks and closes above the resistance zone

Natural Gas

MCX Natural has reversed strongly from its peak of ₹303.40 and has also given a breakdown below the rising channel formation on 240-min chart. However, after marking a low of ₹267.40 the counter has reversed and has been facing immediate strong resistance at ₹279 – 282 zone. So, in the upcoming trading sessions we expect a sideways range momentum between ₹267 – 282 and price sustained break on either side only will give further trend confirmation. Price sustained trade and close above the resistance will resume the positive move and will again lead the rally towards ₹290 – 305 area.

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