Monday, July 20, 2026

Crude oil recorded strong weekly gain reflecting the escalating geopolitical tensions in the Middle East following the fall out of the short spanned ceasefire. The rally was triggered after U.S. President Donald Trump announced the reimposition of a naval blockade around Iranian ports and introduced a 20% transit fee on cargoes passing through the Strait of Hormuz, reigniting concerns over the security of one of the world's most critical oil shipping routes.

The conflict intensified throughout the week as the United States carried out additional strikes on Iranian military infrastructure, prompting retaliatory missile attacks on U.S. bases in Kuwait, Bahrain and Jordan. Iran also threatened to broaden the conflict by targeting regional energy infrastructure and directing Yemen's Houthi forces to disrupt shipping in the Red Sea, further lifting the geopolitical risk premium.

Meanwhile, tanker movements through the Strait of Hormuz declined sharply, raising concerns over potential supply disruptions despite the absence of major production losses. Iraq curtailed around 1.5 million barrels per day of output due to storage constraints and export bottlenecks, while a further similar volume remains at risk if export flows fail to normalise.

The rally was partially tempered after Washington announced plans to provide naval escorts and insurance support for commercial vessels transiting the Strait, easing immediate concerns over maritime security. Despite these developments, geopolitical risks continued to dominate market sentiment, leaving bearish supply-demand fundamentals largely sidelined. Looking ahead, oil prices are expected to remain highly volatile, with market direction hinging on whether the conflict escalates further or meaningful diplomatic progress begins to emerge.

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	7665	79.57	84.95
Close	7945	82.49	88.10
1 Week Chg.	280	2.92	3.15
%change	16.60%	15.52%	15.91%
OI	5386	53148	0
OI change	13363	-92499	0
Pivot	7826	81.29	86.73
Resistance	8079	83.96	89.75
Support	7693	79.81	85.08

Natural Gas		
Exchange	MCX	NYMEX-NG
Open	277.3	2.894
Close	281.7	2.91
1 Week Chg.	4.4	0.02
%change	1.59%	0.59%
OI	30513	91567
OI change	18.05%	-44.22%
Pivot	279.6	2.89
Resistance	284.5	2.94
Support	276.9	2.86

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	-35	-2.15
2nd month	-104	-1.43

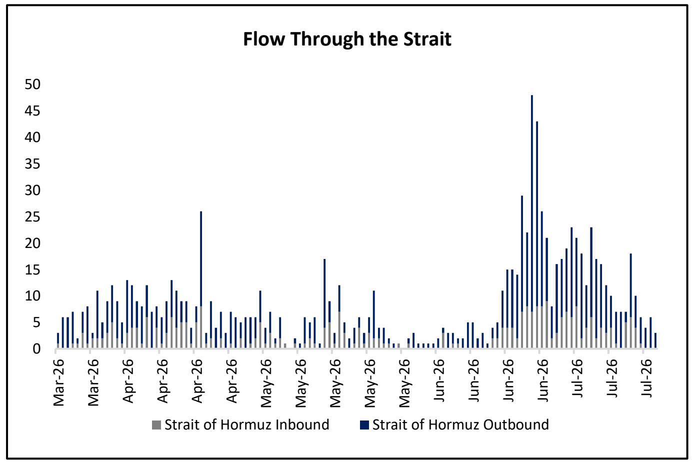
WTI-Brent spread$	
1st month	-1.78
2nd month	-1.74

Natural gas prices remained under pressure throughout the week, diverging sharply from crude oil as strong domestic fundamentals continued to weigh on the market. Henry Hub futures traded near the lower end of their recent range as record Lower-48 dry gas production, averaging around 110 Bcf/d, kept supplies comfortably abundant.

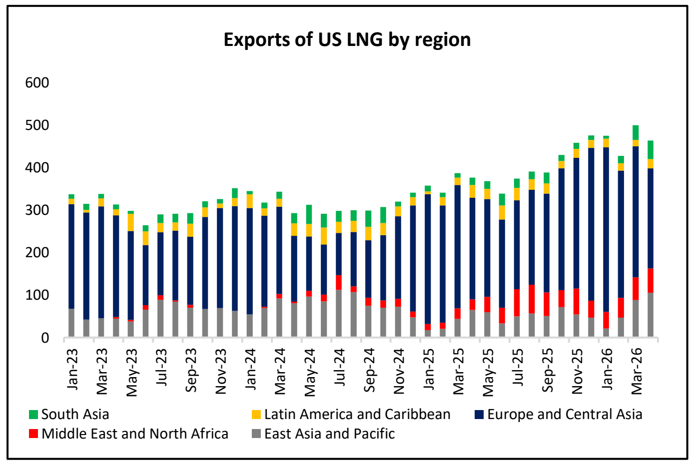
The primary bearish catalyst remained the ongoing maintenance at Freeport LNG, which began in early July and is expected to continue through late August, reducing LNG feedgas demand and leaving more gas available in the domestic market. Meanwhile, weather forecasts turned less supportive, with expectations for milder temperatures across key consuming regions tempering near-term cooling demand and limiting power-sector gas consumption.

Storage fundamentals also remained comfortable, with inventories holding above the five-year average, reinforcing expectations of adequate supply through the remainder of the injection season. Although the EIA continues to project firmer Henry Hub prices later this year, supported by recovering LNG exports and stronger winter demand, the near-term outlook remains constrained by robust production, elevated storage levels and temporarily weaker LNG demand.

As a result, natural gas largely decoupled from the geopolitical rally in crude oil, underscoring the contrast between a globally driven oil market and a U.S. gas market that continues to be dictated by domestic supply-demand fundamentals.



Source: Reuters



Source: Reuters

Technical Outlook

Crude Oil

As seen on 240-min chart, MCX Crude Oil has given a cup & Handle breakout and has closed well above the neckline support of ₹7300. Immediate support is at ₹7550 and any initial dip toward the support will be a good buying opportunity. As per the pattern formation the counter is likely to target ₹8200 however the rally could extend towards ₹8350 levels as well. So, dip buying near support is recommended but our bias will negate if price closes below ₹7300 mark

Natural Gas

MCX Natural gas has been trading in an ascending triangle formation and has been hovering close to the key support of ₹273 of rising trend line. Immediate resistance is at ₹288 – 292 zone and price sustained close above the same on daily chart will confirm positive move and will lead the rally towards ₹303 – 315 levels. So, buying above the resistance is recommended however, our bias will negate and downside will extend if price breaks below support of ₹273 on daily closing basis

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