Monday, July 27, 2026

Crude oil ended last week with gains of around 8–10%, as renewed escalation in the Middle East pushed geopolitical risk back to the forefront. The conflict once again spilled into global energy logistics after Houthi militants struck two Saudi oil tankers, prompting Asian refiners to evaluate alternative shipping routes via the Suez Canal and around the Cape of Good Hope.

The Red Sea has assumed far greater strategic importance since the disruption of the Strait of Hormuz earlier this year. With Gulf exports increasingly relying on Saudi Arabia's East-West Pipeline to Yanbu on the Red Sea coast, the Bab el-Mandeb corridor has effectively become the primary maritime outlet for a significant portion of Middle Eastern crude.

At the same time, the Caspian Pipeline Consortium suspended loadings at its Black Sea terminal following tanker strikes, disrupting a key export route for Kazakh crude. Despite these developments, the rally lost momentum towards the end of the week as vessel traffic through the Red Sea continued despite Houthi threats, reinforcing the view that elevated geopolitical tensions had yet to translate into meaningful physical supply disruptions. The market once again differentiated between geopolitical rhetoric and actual disruptions, limiting the upside in prices.

That risk premium has unwound sharply this week. Brent and WTI have both declined over 9% after Iran indicated it would suspend attacks provided the United States refrains from further military action. The reversal highlights a market that remains extremely sensitive to geopolitical headlines but increasingly reluctant to sustain higher prices without evidence of material supply losses.

Looking ahead, crude oil is likely to remain driven by developments in the Middle East. Unless the Strait of Hormuz is

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	8933	92.55	94.02
Close	8604	89.31	91.68
1 Week Chg.	-329	-3.24	-2.34
%change	8.77%	9.21%	6.21%
OI	14830	294144	0
OI change	2980	14869	0
Pivot	8679	89.94	92.16
Resistance	8875	92.20	94.01
Support	8408	87.05	89.84

	Natural Gas	
Exchange	MCX	NYMEX-NG
Open	283	2.915
Close	277.3	2.87
1 Week Chg.	-5.7	-0.04
%change	-2.01%	-1.51%
OI	12513	23003
OI change	58.99%	-74.86%
Pivot	279.5	2.90
Resistance	283.2	2.93
Support	273.5	2.83

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	-357	-7.58
2nd month	-287	-2.40

WTI-Brent spread$	
1st month	-3.61
2nd month	-2.55

significantly disrupted or critical export infrastructure is damaged, sharp rallies are likely to face profit-taking, leaving prices vulnerable to rapid swings in either direction.

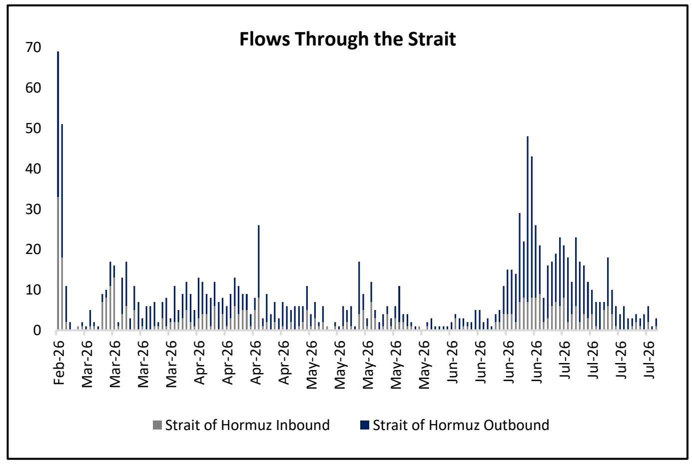
Natural gas continued to weaken, driven by oversupplied fundamentals rather than geopolitical developments. After holding above $3.00/MMBtu for nearly a month, Henry Hub prices have steadily retreated towards $2.80/MMBtu as robust production, comfortable storage levels and softer LNG demand outweighed weather-related support.

Lower 48 dry gas production remains near record highs at around 110 bcfd, while storage injections continue to outpace seasonal norms, leaving inventories comfortably above the five-year average. At the same time, LNG export demand has softened due to maintenance at Freeport LNG, temporarily reducing one of the market's largest sources of demand.

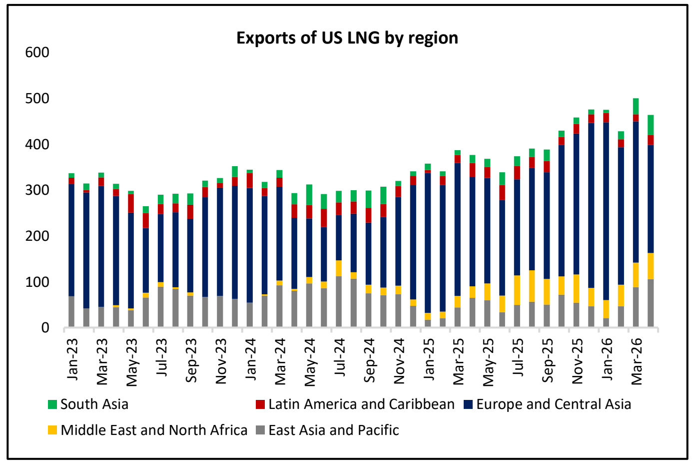
Warmer-than-normal temperatures across much of the United States are expected to support cooling demand through early August, preventing a steeper decline in prices. However, weather-driven demand alone has been insufficient to offset the broader supply surplus.

MCX Natural Gas has mirrored the weakness in international markets, retreating from the ₹320 region earlier this month to below ₹270 levels. Unless production moderates or LNG exports recover more quickly than expected, or prolonged heat significantly boosts power-sector demand, the market is likely to remain under pressure.

Unlike crude oil, which continues to trade on geopolitical developments, natural gas remains a fundamentally driven market where production, storage and weather are the primary determinants of price direction.



Source: Reuters



Source: Reuters

Technical Outlook

Crude Oil

MCX Crude Oil 4H has broken below the rising channel and the 20 EMA, indicating that short-term momentum has turned negative after a strong uptrend. The recent decline reflects increased selling pressure, while the failed attempt to hold above the channel support confirms a bearish shift in price structure. Immediate resistance is placed at 8250, followed by 8750. On the downside, 7600 remains the first key support, with 7300 acting as the next major demand zone. Overall, the near-term trend remains bearish below 8250, with any recovery likely to face resistance unless prices reclaim the broken channel and the 20 EMA

Natural Gas

MCX Natural Gas (4H) has broken below the symmetrical triangle pattern and the 20 EMA, indicating that the short-term momentum has turned bearish. The breakdown from the consolidation phase suggests increasing selling pressure, with price now trading below key technical support levels. Immediate resistance is placed at 282, followed by 305, where fresh selling interest may emerge. On the downside, 250 acts as the first key support, while 240 remains the next major demand zone. Overall, the near-term trend remains bearish below 282, with any pullback likely to face resistance unless prices reclaim the triangle breakout zone and the 20 EMA.

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