

Monday, October 12, 2026

Crude oil markets remained volatile last week as signs of recovering Middle Eastern exports and hopes of diplomatic progress clashed with persistent threats to regional energy supplies. The G7's planned release of 100 million barrels of emergency crude and diesel reserves, alongside a sharp $3/bbl cut in Saudi Aramco's November Arab Light price for Asia, highlighted both efforts to ease supply concerns and intensifying competition for market share. However, the improvement in exports has yet to translate into normal shipping conditions, with alternative routes unable to fully offset disruptions through the Strait of Hormuz.

The weekend brought a fresh escalation in physical risks. Two commercial tankers were attacked on October 11: the MT Valthera was hit by an unidentified projectile in the Strait of Hormuz, while the MT Petro Dolphin was struck by a drone near Oman's Sohar anchorage, leaving two Indian seafarers missing. Meanwhile, Houthi attacks on Saudi Arabia intensified, with strikes targeting Riyadh's King Khalid International Airport and reported claims of attacks on other Saudi infrastructure, including Saudi Aramco facilities. These developments reinforce concerns that the conflict could spread further across the region's energy and shipping network. <

Despite these risks, crude prices faced downward pressure on Monday as markets weighed US President Donald Trump's announcement of a proposed Russia–Ukraine energy ceasefire and additional Russian diesel supplies. However, the agreement remains subject to confirmation, while the EIA's higher fourth-quarter Brent forecast of $105/bbl reflects expectations of

Crude Oil			
Exchange	MCX	NYMEX-WTI	ICE-Brent
Open	8757	91.29	103.87
Close	8881	91.85	104.72
1 Week Chg.	124	0.56	0.85
%change	-0.39%	-1.10%	2.36%
OI	9688	172039	0
OI change	1412	-104455	0
Pivot	8838	91.34	104.05
Resistance	8963	92.68	105.76
Support	8755	90.52	103.00

Natural Gas		
Exchange	MCX	NYMEX-NG
Open	304.6	3.129
Close	313.9	3.22
1 Week Chg.	9.3	0.09
%change	3.05%	2.91%
OI	29501	263142
OI change	45.53%	-32.08%
Pivot	310.4	3.19
Resistance	318.4	3.27
Support	305.8	3.14

Front Month Calendar Spread		
Exchange	MCX	NYMEX($)
1st month	-53	-1.85
2nd month	-78	-1.17

WTI-Brent spread$	
1st month	-3.47
2nd month	-2.73

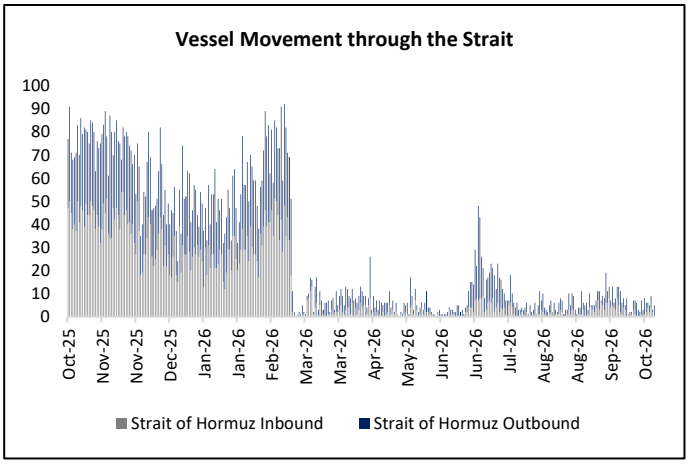
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prolonged Middle Eastern supply constraints. The US Gulf of Mexico's production disruptions from Hurricane Isaias add another near-term variable, although the extent and duration of the recovery will determine their lasting market impact.

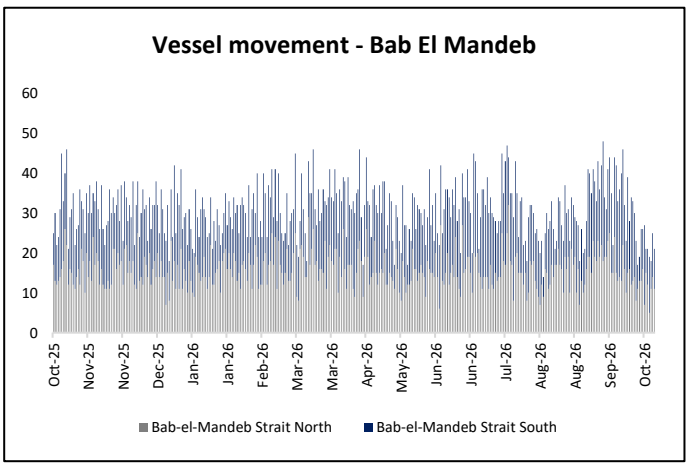
Looking ahead, crude is likely to remain highly sensitive to geopolitical headlines, but the balance of risks remains tilted towards sharp upside moves if disruptions intensify. A credible reopening of Hormuz and sustained recovery in regional exports could trigger a deeper correction as the risk premium unwinds. Conversely, further tanker attacks, damage to energy infrastructure or disruption to Saudi Arabia's alternative export routes could quickly tighten the market again. The critical question is no longer just how much oil can be produced, but how reliably it can reach global buyers. Until shipping routes normalize and supply flows recover sustainably, diplomatic optimism alone may struggle to justify a lasting decline in prices.

Natural gas prices gained early last week as forecasts pointed to a possible mid-October cold snap, raising expectations of stronger heating demand. However, with no clear signs of a sustained seasonal shift, profit-booking emerged at higher levels, limiting the rally. Supply-side disruptions offered some support, as Lower 48 production fell to a four-month low of around 108.9 bcfd amid Appalachian pipeline constraints and Hurricane Isaias, which temporarily shut in around 57% of US Gulf of Mexico gas output. However, the EIA's larger-than-expected 85 Bcf storage injection for the week ended October 2, against expectations of 79 Bcf, reinforced bearish sentiment. Inventories stood near 3.5 Tcf, around 2% above the five-year average, clouding the outlook despite forecasts of colder weather. LNG feed gas demand also eased to 16.9 bcfd in October from 17.9 bcfd in September amid maintenance and operational constraints.

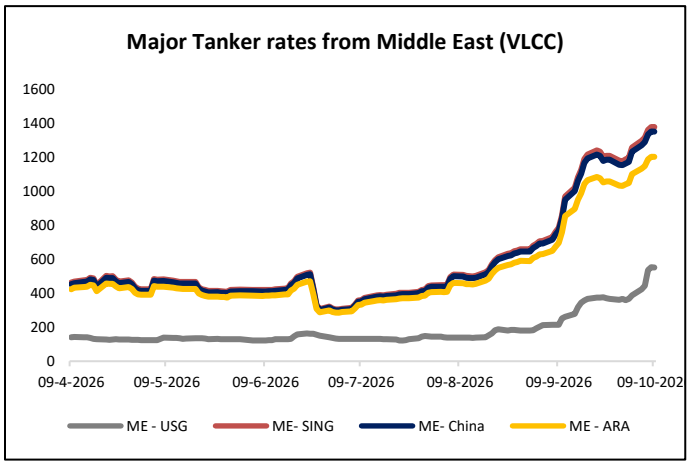
Meanwhile, the EIA raised its 2026 Henry Hub forecast to $3.48/MMBtu but lowered its 2027 projection to $3.16, citing expectations of record production and ample supply. Elevated European and Asian LNG prices and Middle East shipping risks could offer indirect support if they translate into stronger US LNG export Natural gas is likely to remain volatile, with weather forecasts driving near-term moves and storage fundamentals limiting sustained gains. A colder pattern, prolonged production disruptions and recovering LNG feedgas demand could support prices, while mild weather, a production rebound and above-average inventories may trigger renewed selling. The key indicators to watch are late-October weather revisions, weekly storage injections, production trends and LNG feedgas flows.



Source: LSEG



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Technical Outlook

Crude Oil

On the daily chart of MCX Crude Oil Futures, prices remain within a broader rising channel but have witnessed a sharp correction from the upper boundary, followed by consolidation near the lower trendline. The price structure indicates weakening bullish momentum, with the current formation suggesting a range-bound phase around the channel support. The RSI at 47.76, below its average of 48.80, reflects subdued momentum and a lack of clear directional strength. Immediate support is placed at ₹8,388, followed by ₹8,050, while resistance is seen at ₹9,058 and ₹9,500. The near-term bias remains neutral to mildly bearish below ₹9,058; a sustained break below ₹8,388 could accelerate selling pressure towards ₹8,050, whereas a move above resistance may revive bullish momentum



Natural Gas

On the daily chart of MCX Natural Gas Futures, the broader structure remains bullish, with prices sustaining a sequence of higher lows and recently breaking above the ₹285 consolidation resistance. The breakout above the ₹285 zone has strengthened the bullish structure, while the rising trendline continues to provide underlying support. The RSI at 58.37, marginally below its average of 60.31, indicates positive but moderating momentum, suggesting possible consolidation after the recent rally. Immediate resistance is placed at ₹319–₹324, while support is seen at ₹285, followed by ₹270 and the rising trendline support near ₹260. The near-term bias remains positive above ₹285, with a sustained move beyond ₹324 potentially extending the uptrend; a break below ₹285 could trigger a deeper corrective move.



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