

Oil

Daily Update

Wednesday 24th May 2023

Oil Fundamentals:

Oil started the week on a negative footing falling from opening levels at 71.86 to register a low at 70.66 early in the morning on Monday, before recovering. Since then prices have continued to grind higher supported by comments from Saudi Arabia's top energy official who said about short sellers, **"I would tell them: Watch out!"**, while speaking at the Qatar Economic Forum on Tuesday. His comments, tighter supplies and forecasts for oil demand to rise later in the year, all helped oil to its high on the week so far at 73.96.



Saudi Arabia is seen as the leader of the OPEC+ cartel who surprised traders with a supply cut only 6 weeks ago (2nd April), and their next meeting is scheduled in 10 days time on **3rd-4th June**, where they will discuss production levels for the rest of 2023, so traders are rightly nervous around the prospects for any further potential cuts to production. **Elsewhere oil price sentiment** continues to be impacted by what is happening in Washington on the debt ceiling talks, which as yet have not yielded an agreement. Also, later tonight the Fed releases the **minutes from its like FOMC meeting at 7pm**, and traders will be looking for anything that confirms the pause to recent hikes, signaled by Chairman Powell when he spoke last Friday.

Oil Technicals:



Daily Technicals:

Tuesday saw closes above mid-average resistance, suggesting an improving technical backdrop. However, focus is now on 73.71/85 (mid-point Apr/May decline & May 10th high) with closing breaks a further potential trigger for higher levels. Risks will then be back to 76.02 (higher 62% retrace), and if this gives way towards 79.16 (Apr 24th high).

To the downside, settlements under 72.26 (Bollinger mid-average) suggests risks increase to retest 69.40 (May 15th extreme).

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