

Oil

Daily Update

Wednesday 4th October 2023

Oil Fundamental Analysis:

After a nasty fall from highs at 95 to 90.74 to end last week, Oil prices opened more positively on Monday, jumping 1% to a high at 91.86 as traders chose to focus on tight supply in the face of lower Russian fuel exports, rapidly decreasing US stockpiles and increased demand from China due to the Golden Week holiday. However, that positivity didn't last as worries about further Fed rate increases and a slowdown in the global economy hurt sentiment, leading to an accelerated fall back to 87.74 early Tuesday morning.



Looking forward, with no changes expected from today's OPEC+ monitoring meeting, the focus for traders over the next 3 days will be on US data outlining the relative strength of the US economy, and the current state of US crude oil inventories. **Later today, the US ISM Services PMI is released at 1500 BST**, and with services activity currently driving US economic growth, any fall in this number will concern traders that the US could be falling into a recession. This is quickly followed by the the release of the weekly **EIA Crude Oil Stocks report at 1530 BST**. Then on Friday, the **US Non Farm Payrolls report is released at 1330 BST**, where the unemployment rate will be watched to see if Fed hikes are working to put the brakes on jobs growth in the economy, or more hikes may be required, which could further hit risk sentiment and oil prices.

Oil Technical Analysis:



Daily Analysis:

Having attempted to breach 93.72 (Nov 7th high) a rejection developed, meaning no confirmation was seen. This decline has now seen prices fall back below Bollinger mid-average support (89.75), exposing tests of 88.35 (38% retrace Aug/Sep upside). Defence of this level is now watched as closing breaks can see a deeper decline to 86.39 (mid-point) even 84.31 (62% level). To the upside, price gains above 91.47 (half latest sell-off) are required for upside resumption to challenge 95.00 (Sept 28th failure high) possibly further.

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