

## Oil Daily Update Wednesday 27th December 2023

### Oil Fundamental Analysis:

**Oil jumped 3.5% higher on Tuesday** as markets reopened from the extended Christmas holiday break. **After hitting** an early morning opening low at 73.12, Oil prices rallied across the rest of the day to hit a new high for December at 76.16, as tensions in the Middle East increased after the US military responded to a Christmas Day drone attack on American personnel in Northern Iraq, which injured 3 service members, with air strikes of their own on several installations in Iraq, targeting what they said was a terrorist group backed by Iran.



**This news added to the uncertainty** around Oil supply chains that have already been impacted by fresh drone attacks in the Red Sea from Houthi rebels which has forced shipping to seek out alternative safer routes, adding to journey times and delivery costs, as well as pushing up Oil prices 3% last week. **Looking forward**, while fresh updates on these events in the Middle East will be a key factor impacting Oil prices into year end on Friday, traders also receive the **US crude inventory updates from the API (Tonight at 2130 GMT) and EIA (Thursday at 1530 GMT)** which could also increase volatility across the rest of the week depending on how far the actual inventories deviate from expectations.

### Oil Technical Analysis:



#### Daily Analysis:

Successful closing breaks above 75.08 (62% retrace Nov 30th to Dec 13th decline) are a constructive development, opening up the potential for moves to higher levels. The risks are for tests of 79.57 (Nov 30th high), possibly further if this gives level gives way.

To the downside, breaks under 73.02 (38% retrace Dec upside) are needed to expose a deeper sell-off to 72.03 (mid-point), even 71.05 (the 62% level).



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