Crude Oil Weekly

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Market Commentary

Call of The Week: **Slightly Bearish**

22 October, 2025

Highlights:

- Trade Tensions Resurface as Trump Shifts Focus to India and China
- China's Refining Boom Conceals Sluggish Import Demand
- Tanker Movement Data Signals Persistent Oversupply in the Market

Oil Market Summary

WTI Crude Oil markets entered the new week under heavy selling pressure sliding to $56.88 per barrel. Extending their third straight weekly decline. The global market's tone has shifted decisively from under-supply fears to concerns of a growing surplus, as inventories climb, production accelerates, and demand softens under the weight of renewed U.S.–China trade friction.

On Friday, the NYMEX light sweet crude oil was closed at $57.54 a barrel by close of trade and Brent crude down $1.448 to $61.29 a barrel. During the week, NYMEX crude oil was down $1.36 or 2.31%.

U.S. commercial crude oil inventories, excluding the Strategic Petroleum Reserve (SPR)—increased by 3.524 million barrels from the week ending October 10, 2025.

According to Baker Hughes, the number of weekly active rigs drilling for oil Increased by 1 to 548.

Oil prices extended their decline for a second consecutive day on Tuesday, pressured by growing concerns over excess supply and renewed fears that U.S.-China trade tensions could dampen global demand. Brent crude futures slipped 17 cents, or 0.28%, to $60.84 a barrel by 0343 GMT, while WTI crude for November delivery fell 0.52% to $57.22. The more active December contract eased 19 cents to $56.83. Monday's session saw both benchmarks hit their lowest levels since early May, as investors weighed the potential economic fallout from escalating trade frictions between the world's two largest oil consumers.

Adding to the bearish tone, both Brent and WTI futures have shifted into a contango structure—where near-term prices trade below those for later delivery, signaling a market that is increasingly oversupplied. The shift comes as OPEC and its allies, collectively known as OPEC+, continue with plans to raise output in the coming months. Analysts now expect the global oil market to face a substantial surplus, with the IEA projecting an oversupply of nearly 4 million barrels per day in 2026. This outlook has weighed heavily on investor sentiment, with traders reluctant to take long positions amid signs of weakening demand growth and swelling inventories.

"The continued weakening of Brent's monthly spread structure indicates that the pressure from oversupply in the crude oil market is gradually materializing," analysts at Haitong Securities said in a note. Echoing that sentiment, Goldman Sachs analysts warned that Brent prices could drop to $52 a barrel by the fourth quarter of next year, citing satellite and inventory data showing rising global stockpiles. Meanwhile, a preliminary Reuters poll indicated that U.S. crude inventories likely rose again last week, underscoring the current imbalance between supply and demand. Together, these factors suggest that the recent softness in oil prices may persist well into 2026 unless significant supply adjustments or demand recoveries occur.

WTI Crude Oil is expected to range within a $52 to $60 range in the week ahead. The most striking indicator of the global glut is the surge in oil at sea. According to Vortexa data, crude volumes in transit rose from 1.22 billion to 1.24 billion barrels in one week. Conversely, a short-term bounce remains possible if traders cover shorts ahead of U.S.–China negotiations.

Other Market News

US stock futures were steady on Tuesday as investors awaited a series of major corporate earnings, with Netflix, Coca-Cola, and General Motors scheduled to report later in the day. Focus will shift later this week to results from Tesla, Intel, and Procter & Gamble.

On Monday, the Dow gained 1.12%, the S&P 500 rose 1.07%, and the Nasdaq advanced 1.37%, driven by a 3.9% rally in Apple, which hit a record high following reports that iPhone 17 sales outpaced those of the iPhone 16 in both the US and China.

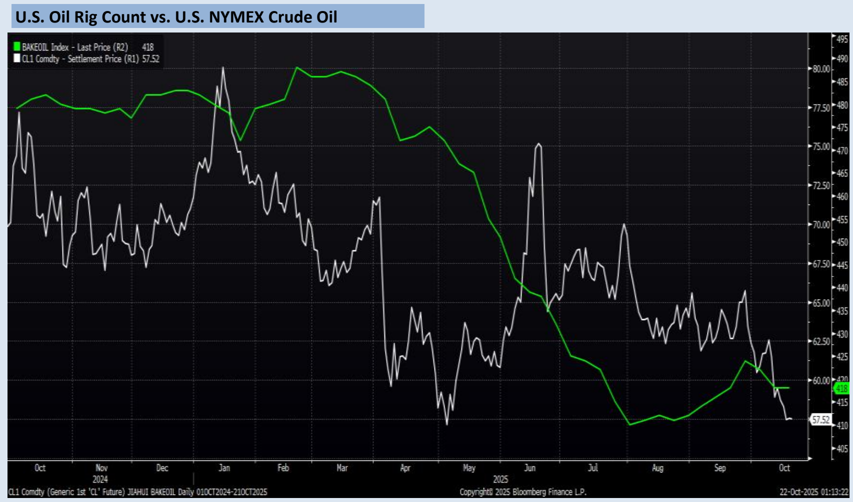
Weekly Market Price as at 17/10/2025

Commodity	Close	Chg	% Chg	High	Low	RSI(14)
NYMEX Crude Oil	57.54	-1.36	-2.309	70.29	56.60	33.25
IPE Brent Oil	61.29	-1.44	-2.296	73.52	60.14	33.76
TOCOM Crude Oil	56,410.00	-3930.00	-6.513	67450.00	56410.00	35.26
Mini Dow Jones	46,381.00	675.00	1.477	44706.00	45605.00	51.47
U.S. Dollar Index	98.43	-0.54	-0.551	106.96	98.03	51.46
COMEX Gold	4,213.30	212.90	5.322	2756.70	4011.30	71.31

Significant Events to Watch (Malaysian Time)

22/10/2025 (2230hrs)- Crude Oil Inventories
22/10/2025 (2230hrs)- Cushing Crude Oil Inventories
23/10/2025 (2030hrs)- Initial Jobless Claims
24/10/2025 (2030hrs)- Core CPI (MoM) / (YoY) (Sep)
25/10/2025 (0100hrs)- US Baker Hughes Oil Rig Count
25/10/2025 (0100hrs)- US Baker Hughes Total Rig Count

U.S. Oil Rig Count vs. U.S. NYMEX Crude Oil



Source: Bloomberg / Phillip Capital

Chart of the Day - Crude Oil Daily Chart

From the daily chart above, prices is likely to be continue forming lower low, however, investor should be mindful of next support level will be at $55/barrel

Source: Reuters/Bloomberg/Phillip Capital

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