



DAILY ENERGY COMPLEX COMMENTARY

Monday January 29, 2024

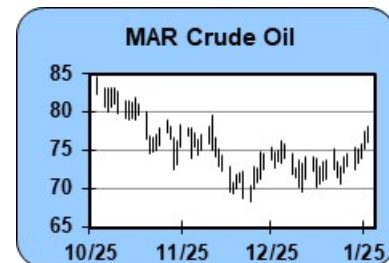
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1/29/2024

The bias is up in petroleum prices and down in natural gas

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +7, HEATING OIL +39, UNLEADED GAS -52

CRUDE OIL MARKET FUNDAMENTALS: With an attack on an oil tanker in the Red Sea, the first US casualties, an 18% decline in weekly crude oil in floating storage, reports of a 1.1% year-over-year increase in Indian December crude oil imports, and perhaps most significantly increasing involvement of Iran the latest new high for the move in crude oil is fully justified. In another "feather ruffling" development, Nancy Pelosi from the US House of Representatives indicated an investigation of pro-Palestinian protests in the US should be investigated by the FBI for Russian collusion. The Congresswoman indicated protest funding channels needed to be investigated for signs of Russian financing. From a technical perspective, the upside extension and new high for the move today leaves the bull camp in control, especially with the net spec and fund long positioning in crude (despite recent sharp price gains) remains very modest. Crude Oil positioning in the Commitments of Traders for the week ending January 23rd showed Managed Money traders were net long 134,140 contracts after increasing their already long position by 43,980 contracts. Non-Commercial & non-reportable traders were net long 228,343 contracts after increasing their already long position by 17,311 contracts. The weekly Baker Hughes rig report showed an increase in activity for a second straight week with the addition of two oil rigs, bringing the total rig operating count to 499. It should be noted that US refinery maintenance is surfacing, and a German refinery was shut down at the end of last week which could stem the recent sharp declines in EIA oil inventories. With the range up through the 200-day moving average last Thursday, the knifing through the \$78.00 level today and bullish confirmation of the rally with rising open interest and increased trading volume, the next upside target is \$80.00. In fact, if the US and Iran exchange fire directly with each other, the fear of escalation has been realized and the market has 1 million barrels per day of oil at risk of being locked in!



PRODUCT MARKET FUNDAMENTALS: The gasoline market continues to surge alongside crude oil and diesel despite less supportive fundamentals. However, the attack on a Red Sea oil tanker and exploding shipping costs adds to the outside market lift for gasoline. Furthermore, increased refinery maintenance, gradual improvement in the US economic outlook and mild US weather (more driving) gives the bull camp several sources of support. In addition to a shutdown of a German refinery, Russia has reduced its gasoline exports because of issues at a domestic refinery and therefore global product supplies could see minimal tightening. It should also be noted that a member of the US Congress has called for an investigation of violent pro-Palestinian protests in the US, looking for possible Russian funding of the violence and that could result in a restriction of very important Russian fuel exports. Unfortunately for the bull camp, US gasoline inventories in US are the most burdensome in the petroleum markets and therefore the gasoline trade needs very positive leadership from crude oil. In fact, participation in the upward track in gasoline is already less impressive with the gains last week forged on declining open interest and softening trading volume. Another negative technical issue for gasoline is an ongoing relatively overbought net spec and fund long position. Gas (RBOB) positioning in the Commitments of Traders for the week ending January 23rd showed Managed Money traders net bought 7,725 contracts and are now net long 66,945 contracts. Non-Commercial & non-reportable traders are net long 81,394 contracts after net buying 7,293 contracts. Uptrend channel support in gasoline increases to \$2.30 with the next key resistance level at \$2.3457. Not to be left out, the diesel market also ranged sharply higher and has managed the rally in the face of a warming trend throughout the US and Europe. The net spec and fund long in diesel has come down consistently over the last several weeks but

clearly vaulted higher last week with the post COT report rally of \$0.17. Heating Oil positioning in the Commitments of Traders for the week ending January 23rd showed Managed Money traders were net long 16,854 contracts after decreasing their long position by 5,844 contracts. Non-Commercial & non-reportable traders reduced their net long position by 9,097 contracts to a net long 40,725 contracts. Uptrend channel support in diesel today is \$2.780 and the next upside resistance/target is \$2.8550.

NATURAL GAS: While the natural gas market managed to reject a return to contract lows last week, very mild US and European temperatures throughout the coming week should push down heating degree days and throttle natural gas prices downward. In another bearish development US supply is likely to backup onshore after a Freeport LNG export facility saw damage from extreme cold especially with the company indicating it could take as long as one month to repair the facility. Furthermore, the natural gas spec short was probably lowered slightly given last week's bounce. Natural Gas positioning in the Commitments of Traders for the week ending January 23rd showed Managed Money traders are net short 37,426 contracts after net selling 30,057 contracts. Non-Commercial & non-reportable traders were net short 58,096 contracts after increasing their already short position by 19,875 contracts. This week's Baker Hughes oil rig drilling counts showed one less gas rig operating than last week with the total at 119. In another example of a US politician acting without thinking of repercussions, there is a proposed ordinance in Chicago banning the use of gas for heating and cooking in newly constructed buildings. It should be noted that Chicago/Illinois continue to get power from coal fired generating facilities which means a reduction in the use of a relatively cleaner energy source in favor of a very dirty fuel source. Downtrend channel resistance in March natural gas is \$2.25 today with a key failure seen with a trade below \$2.17.

TODAY'S MARKET IDEAS:

The path of least resistance is up on the charts, from the increased potential for more significant Middle East oil supply disruptions especially with the trade getting on board with the bull case as evidenced by increased volume and open interest on last week's strong rally. With the range up through the 200-day moving average last Thursday, the potential to regain \$80.00 in crude is signaled by rising trading volume, and other technical signals.

NEW RECOMMENDATIONS:

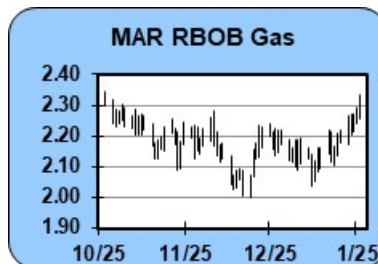
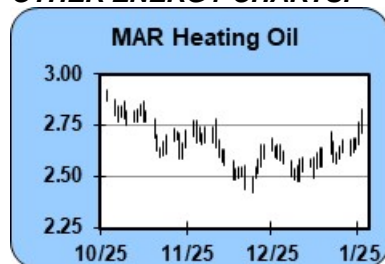
None.

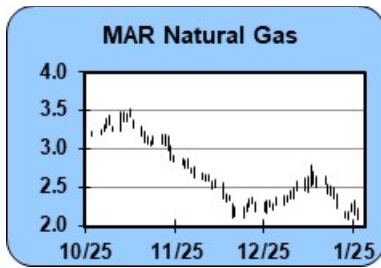
PREVIOUS RECOMMENDATIONS:

None.

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Energies							
Crude Oil	205,472	+15,995	-228,342	-17,311	22,871	+1,316	
Heating Oil	21,828	-9,168	-40,726	+9,095	18,897	+71	
Natural Gas	-81,841	-26,309	58,097	+19,876	23,745	+6,434	
Gas (RBOB)	73,702	+4,686	-81,393	-7,291	7,692	+2,607	

OTHER ENERGY CHARTS:





ENERGY COMPLEX TECHNICAL OUTLOOK:

Note: Data is collected using the closing values of the previous session and calculations and analysis are run at the same time. Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report. Data sources can and do produce bad ticks that can cause computation errors. Please verify before use.

CRUDE OIL (MAR) 01/29/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 79.77. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 79.07 and 79.77, while 1st support hits today at 76.88 and below there at 75.37.

HEATING OIL (MAR) 01/29/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The next upside objective is 291.38. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 288.40 and 291.38, while 1st support hits today at 276.82 and below there at 268.21.

RBOB GAS (MAR) 01/29/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 238.88. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 236.51 and 238.88, while 1st support hits today at 228.67 and below there at 223.19.

NATURAL GAS (MAR) 01/29/2024: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside target is 2.032. The next area of resistance is around 2.253 and 2.315, while 1st support hits today at 2.112 and below there at 2.032.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
ENERGY COMPLEX										
CLAH24	77.98	72.17	64.11	77.97	89.29	76.20	74.64	73.39	73.51	74.51
CLAJ24	77.81	71.68	63.79	77.16	89.05	76.06	74.54	73.39	73.57	74.48
HOAH24	282.61	79.32	70.57	76.84	88.42	2.73	2.67	2.62	2.61	2.63
HOAJ24	275.17	79.15	70.09	78.76	90.03	2.66	2.61	2.56	2.56	2.58
RBAH24	232.59	73.41	66.39	84.73	92.56	2.27	2.23	2.17	2.16	2.17
RBAJ24	254.46	76.28	68.78	86.01	93.80	2.48	2.43	2.38	2.36	2.36
NGAH24	2.183	36.74	38.73	22.41	16.97	2.20	2.28	2.42	2.43	2.62
NGAJ24	2.216	38.93	40.46	24.47	18.93	2.22	2.29	2.41	2.41	2.57

Calculations based on previous session. Data collected 01/26/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAH24	Crude Oil	75.36	76.87	77.56	79.07	79.77
CLAJ24	Crude Oil	75.23	76.72	77.40	78.89	79.57
HOAH24	Heating Oil	268.20	276.81	279.79	288.40	291.38
HOAJ24	Heating Oil	262.39	270.02	272.68	280.31	282.97
RBAH24	RBOB Gas	223.18	228.66	231.03	236.51	238.88
RBAJ24	RBOB Gas	245.25	250.67	252.83	258.25	260.41
NGAH24	Natural Gas	2.031	2.111	2.173	2.253	2.315
NGAJ24	Natural Gas	2.085	2.158	2.200	2.273	2.315

Calculations based on previous session. Data collected 01/26/2024

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