



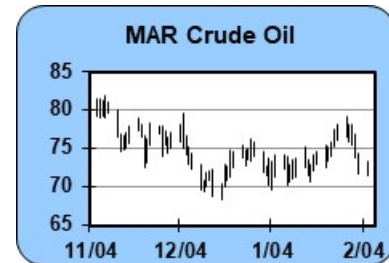
DAILY ENERGY COMPLEX COMMENTARY Tuesday February 06, 2024

DAILY ENERGY COMPLEX COMMENTARY 2/6/2024

Rebound in Chinese shares and geopolitical risks favor near term bounce

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +41, HEATING OIL +194, UNLEADED GAS +106**

CRUDE OIL MARKET FUNDAMENTALS: March crude oil is holding around the \$73 area to start, with support coming from ongoing geopolitical risks, a positive reversal in Chinese shares overnight and fractionally lower US dollar. Reports overnight indicate ongoing geopolitical tensions in the Middle East, with further US and UK attacks on Houthi military sites. Reports of the US striking down two Houthi Sea drones in Yemen fuels a measure of support for crude oil pricing. Shares in China rallied overnight, supported by nation's sovereign fund buying shares, as well as an ongoing commitment to continue buying shares. That along with a flat to lower US dollar lends support to pricing to start the US session. Meanwhile, the crude oil market will have an eye on headline flow from US Secretary of State Blinken's visit to the Middle East, which includes a meeting with Saudi Arabia. There were reports that the Saudis will keep their crude oil prices to Asian customers unchanged during March, and that may reflect lukewarm demand from that region. That echoes Petrobras CEO's comments that they anticipate oil prices stabilizing in the \$70 to \$90 range. Additional support comes from the largest inflow into the USO crude oil ETF in four months, as well as open interest in WTI at the highest level since July. A Reuters survey has a median forecast for US crude oil stocks to rise by over 2 million barrels last week, which would be a second weekly increase in a row. Temperatures across many regions of the US have been warmer than normal, and that may lead to weekly increases in crude oil refinery net input, production, and imports in Wednesday's EIA weekly petroleum supply report. The EIA is scheduled to release its Short-Term Energy around midday.



PRODUCT MARKET FUNDAMENTALS: March RBOB enters the US trading hours on a higher track and into a new three-day high. The latest strength in the product markets led the crude oil market higher yesterday. In addition to a supportive outside market tone to start, products are getting a lift from reports that an Indiana BP refinery remains offline. While there's been progress in restoring power to the plant, it's likely to remain offline for another week or more, and that offers support to Midwest product markets. In the meantime, the NYMEX gasoline crack spread pushed out to its highest level since mid-September, with similar strength in the heating oil crack spread. Overnight reports that Indian Oil Corp diesel sales are expected up 3% this year, while gasoline volumes increase around 5% may provide underlying support to the market. Support for March RBOB comes in at \$2.1750, while near term support for March ULSD stands at \$2.6850.

NATURAL GAS: March Natural gas prices trade marginally lower to start US trading and inside of yesterday's range. A measure of weakness comes from reports of soft power plant demand on the back of mild weather forecasts. The weather maps into the February 10-14 window across the Eastern US show above normal temperatures, with west coast and south-central US forecast slightly below average temperatures. Early expectations for this week's EIA storage report are for below average inventory draw. Prospects for a return to colder temperatures later this month could provide some measure of support. For now, the bear camp remains in control until resistance at \$2.334 comes out.

TODAY'S MARKET IDEAS:

Of interest in today's session will be headline flow out of Secretary of State Blinken's meeting with Saudi Arabia. The continuing geopolitical tensions in the Middle East and Russia are supportive forces. Saudi Arabia's pricing decision does favor the bull camp. The early edge goes to the bull camp, with potential for a technically oversold bounce. March crude oil support comes in at \$71.50, with resistance at \$74.25.

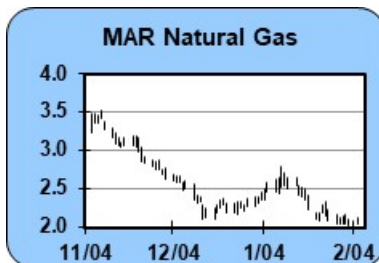
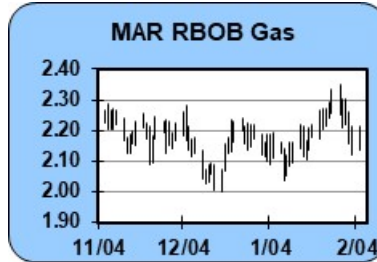
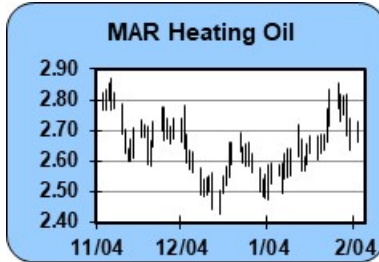
NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 02/06/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is now at 70.71. The next area of resistance is around 73.73 and 74.44, while 1st support hits today at 71.87 and below there at 70.71.

HEATING OIL (MAR) 02/06/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The intermediate trend could be turning up with the close back above the 18-day moving average. Market positioning is positive with the close over the 1st swing resistance. The next downside target is now at 264.10. The next area of resistance is around 276.22 and 278.23, while 1st support hits today at 269.16 and below there at 264.10.

RBOB GAS (MAR) 02/06/2024: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive

position. The next downside objective is now at 211.59. The next area of resistance is around 224.53 and 226.60, while 1st support hits today at 217.03 and below there at 211.59.

NATURAL GAS (MAR) 02/06/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 1.991. The next area of resistance is around 2.112 and 2.162, while 1st support hits today at 2.026 and below there at 1.991.

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	72.80	41.73	45.35	56.05	39.60	73.69	75.53	74.30	73.26	74.07
CLAJ24	72.88	42.20	45.60	55.86	39.68	73.67	75.45	74.25	73.32	74.08
HOAH24	272.69	55.36	55.83	65.67	56.92	2.72	2.74	2.68	2.61	2.63
HOAJ24	266.24	55.30	55.74	67.88	59.02	2.66	2.68	2.62	2.56	2.58
RBAH24	220.78	49.58	50.88	58.84	45.81	2.20	2.24	2.21	2.16	2.17
RBAJ24	242.88	50.38	52.05	63.47	51.25	2.42	2.47	2.42	2.36	2.37
NGAH24	2.069	34.92	36.71	9.85	8.78	2.07	2.12	2.26	2.34	2.49
NGAJ24	2.060	32.25	35.29	9.89	7.71	2.08	2.13	2.26	2.33	2.46

Calculations based on previous session. Data collected 02/05/2024

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAH24	Crude Oil	70.70	71.86	72.57	73.73	74.44
CLAJ24	Crude Oil	70.82	71.97	72.63	73.78	74.44
HOAH24	Heating Oil	264.09	269.15	271.16	276.22	278.23
HOAJ24	Heating Oil	258.46	263.04	264.85	269.43	271.24
RBAH24	RBOB Gas	211.58	217.02	219.09	224.53	226.60
RBAJ24	RBOB Gas	235.30	239.81	241.44	245.95	247.58
NGAH24	Natural Gas	1.990	2.026	2.076	2.112	2.162
NGAJ24	Natural Gas	1.988	2.017	2.073	2.102	2.158

Calculations based on previous session. Data collected 02/05/2024

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