



## DAILY ENERGY COMPLEX COMMENTARY

Thursday February 08, 2024

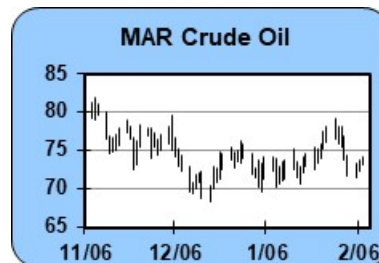
### DAILY ENERGY COMPLEX COMMENTARY

2/8/2024

**Bulls have early edge off bullish EIA inventory data**

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**CRUDE +69, HEATING OIL +258, UNLEADED GAS +275**

**CRUDE OIL MARKET FUNDAMENTALS:** Modest overnight gains in global shares, ongoing Middle East tensions and supportive EIA product inventory data yesterday is providing early support. The overnight macro tone seems to have been tamped down following Chinese inflation readings, with the latest CPI data showing the slowest annualized rate since 2009. Additionally, reports of a nearly 25% week-on-week decline in Chinese traffic levels ahead of the Lunar New Year are a concern. But that might be partially offset by prospects of a near term boost in Lunar New Year travel plans. The latest round of Fed member speeches conveyed less urgency to cut interest rates, which seemed to favor the soft-landing. Middle East geopolitical risks remain intact, with headlines that Israeli Prime Minister Netanyahu rejected the latest Hamas ceasefire proposal in favor of winning the war. Ongoing Houthi rebel attacks in the Red Sea continue to disrupt traffic through the Suez Canal. There were reports late yesterday noting that US Central Command forces conducted a unilateral strike in Iraq that killed a Hezbollah commander responsible for directly planning and participating in attacks on US forces in the region. While yesterday's EIA inventory data presented a larger than expected build in US crude oil supplies, the bulls turned their focus toward supportive product inventory draws and rising demand. EIA crude stocks rose 5.520 million barrels, which was quite a bit larger than the 1.9 million barrels expected. Part of the larger inventory build came from a rebound in US production to a rate of 13.3 million barrels per day, lower refinery utilization rates and a drop in exports. Inventories are 27.679 million barrels below year ago levels and stand 17.243 million barrels below the five-year average. Crude oil imports for the week stood at 6.907 million barrels per day compared to 5.605 million barrels the previous week. The refinery operating rate was down 0.5% from last week to 82.4%. Last year's operating rate was 87.9% last year and the current five-year average is 87.3%. The refinery operating rate in the Gulf Coast region fell to 77.1% on residual impacts from the Texas freeze.



**PRODUCT MARKET FUNDAMENTALS:** March RBOB pushed into a new 6-day high during the initial morning hours, helped by supportive EIA inventory data showing a surprise draw in US gasoline supplies. Gasoline stocks fell 3.146 million barrels and are 11.382 million barrels above last year and 849,800 below the five-year average. Average total gasoline demand for the past four weeks came in at 8.275 million barrels per day, unchanged compared to last year. Gasoline imports came in at 536,000 barrels per day compared to 400,000 the previous week. Distillate stocks fell 3.221 million barrels and stand at 7.052 million barrels above last year and 9.910 million below the five-year average. Distillate imports came in at 126,000 barrels per day compared to 138,000 barrels the previous week. Average total distillate demand for the past four weeks was down 2.30% compared to last year. Added support for US product markets came on prospects that the latest EIA figures probably did not capture the BP refinery outage in Whiting Indiana. It appears that leadership in ULSD garners added upside momentum from overnight reports calling for a nearly 10% rise in jet fuel demand into April.

Weekly EIA Petroleum Report		In Million Barrels	
CRUDE OIL	Stocks	Imports	Refinery Capacity(%)

Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
2/2/2024	427.432	+5.520	-27.679	444.675	6.907	82.4	
<b>DISTILLATES</b>	<b>Stocks</b>				<b>Imports</b>	<b>Demand</b>	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
2/2/2024	127.574	-3.221	+7.052	137.484		3.817	
<b>GASOLINE</b>	<b>Stocks</b>				<b>Imports</b>	<b>Demand</b>	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
2/2/2024	250.988	-3.146	+11.382	251.838	0.536	8.807	

**NATURAL GAS:** Forecasts continuing to call for warmer than normal temperatures pushed March natural gas below the psychological \$2.00 level yesterday. The softer demand situation is confirmed by recent data from the Edison Electric Institute that showed US electricity output was down 8% versus year-ago for the week ending February 3rd. Record US natural gas output, storage levels nearly 10% above seasonal norm, and a pullback in demand keep the price decline in play. While US weather forecasts call for warmer than normal temperatures into next week, longer term forecasts indicate a return to seasonal norms into the February 20 time frame. Expectations for today's EIA storage report are for a draw of around 75 bcf, which is quite a bit smaller than the average draw for this time of year of 190 bcf. Also of interest in today's session is headline flow surrounding US House committee questioning why the Biden administration paused LNG export approvals.

**TODAY'S MARKET IDEAS:**

WTI continues to correct last week's downdraft but struggles to make significant headway compared to performances in RBOB and ULSD. A 50% retracement in of that price decline in March crude comes in at \$75.35. Recent gains in March RBOB bring swing high resistance at \$2.3017 in focus, then last week's high of \$2.3514. The stalwart of the group is March ULSD, helped yesterday by bullish EIA inventory stats and supportive jet fuel demand forecasts. March ULSD looks poised to overtake last week's high at \$2.8557, with the next area of resistance entering at \$2.8707, then \$2.9613.

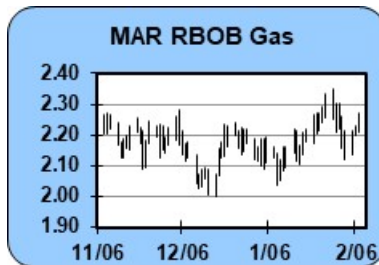
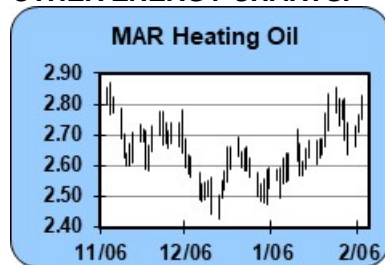
**NEW RECOMMENDATIONS:**

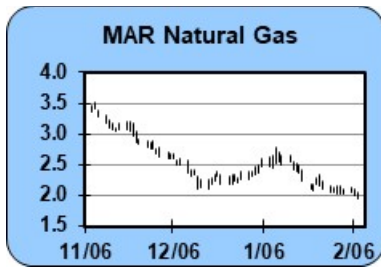
None.

**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) 02/08/2024:** The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is 72.91. The next area of resistance is around 74.56 and 74.88, while 1st support hits today at 73.58 and below there at 72.91.

**HEATING OIL (MAR) 02/08/2024:** The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside objective is 288.39. The next area of resistance is around 286.18 and 288.39, while 1st support hits today at 278.28 and below there at 272.58.

**RBOB GAS (MAR) 02/08/2024:** Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next downside objective is 219.37. The next area of resistance is around 230.13 and 231.82, while 1st support hits today at 223.91 and below there at 219.37.

**NATURAL GAS (MAR) 02/08/2024:** Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 1.900. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 2.012 and 2.068, while 1st support hits today at 1.928 and below there at 1.900.

### 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
<b>ENERGY COMPLEX</b>										
CLAH24	74.07	48.96	49.68	44.05	34.36	73.11	74.97	74.52	73.20	74.02
CLAJ24	74.12	49.35	49.90	44.16	34.79	73.16	74.92	74.46	73.26	74.04
HOAH24	282.23	66.70	63.59	63.86	66.16	2.74	2.76	2.71	2.62	2.63
HOAJ24	274.68	66.09	63.02	65.50	66.76	2.67	2.69	2.64	2.56	2.58
RBAH24	227.02	58.21	56.57	53.13	51.07	2.21	2.24	2.22	2.17	2.17
RBAJ24	248.78	58.41	57.24	56.58	52.14	2.43	2.46	2.44	2.37	2.37
NGAH24	1.970	28.45	32.57	8.15	6.07	2.04	2.07	2.20	2.31	2.45
NGAJ24	1.982	26.80	31.67	7.83	5.48	2.04	2.08	2.21	2.30	2.42

Calculations based on previous session. Data collected 02/07/2024

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>ENERGY COMPLEX</b>						
CLAH24	Crude Oil	72.90	73.57	73.89	74.56	74.88
CLAJ24	Crude Oil	72.98	73.64	73.94	74.60	74.90
HOAH24	Heating Oil	272.57	278.27	280.48	286.18	288.39
HOAJ24	Heating Oil	266.44	271.29	273.21	278.06	279.98
RBAH24	RBOB Gas	219.36	223.90	225.59	230.13	231.82
RBAJ24	RBOB Gas	242.39	246.16	247.63	251.40	252.87
NGAH24	Natural Gas	1.900	1.928	1.984	2.012	2.068
NGAJ24	Natural Gas	1.923	1.948	1.991	2.016	2.059

Calculations based on previous session. Data collected 02/07/2024

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