



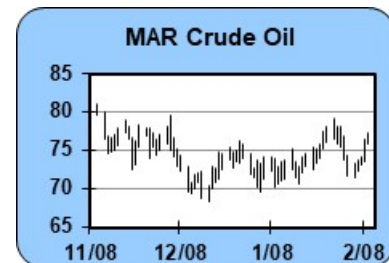
## DAILY ENERGY COMPLEX COMMENTARY Monday February 12, 2024

### DAILY ENERGY COMPLEX COMMENTARY 2/12/2024

**Slightly lower to start following last week's advance**

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):  
CRUDE -93, HEATING OIL -501, UNLEADED GAS -37**

**CRUDE OIL MARKET FUNDAMENTALS:** The oil market enters the US trading hours under modest pressure, with some profit-taking after last week's 5.8% gain. Trade is rather quiet with much of Asia on holiday and China closed for the week in observance of the Lunar New Year. Negative headwinds for oil include downside risk to the Chinese demand situation and chatter that the Israel-Hamas conflict could be moving toward a diplomatic solution. There are also reports that the oil-rich Permian Basin could see another year of record oil production. World oil production comes into focus ahead of Tomorrow's OPEC meeting and the IEA monthly update on Thursday. In the meantime, positive forces underpinning the oil market include recent gains in world equity markets, with European shares at a new two-year high and the S&P 500 into fresh record highs. Ongoing Israeli strikes in the southern border town of Rafah continued over the weekend, which keeps the market focused on Middle East headline flow. A tight US supply and demand backdrop for the product markets is also supportive. Ongoing US refinery outages across the Midwest keep the supply and demand balance tight, which was highlighted in last week's EIA inventory report showing larger than forecasted draws in US gasoline and distillate supplies. The February 6th Commitments of Traders report showed Crude Oil Managed Money traders were net long 94,963 contracts after decreasing their long position by 55,265 contracts. This is the smallest net long position in three weeks. Non-Commercial & non-reportable traders are net long 217,577 contracts after net selling 27,266 contracts. Crude oil in floating storage was up 419,000 barrels last week to 84.17 million. US oil rig count was unchanged last week at 499.



**PRODUCT MARKET FUNDAMENTALS:** March RBOB drifted lower during the initial morning hours slipping below Friday's low. This modest weakness to start comes in the wake of an 8.8% gain last week that took prices to the highest level since mid-October. Last week's EIA inventory data showing a sharp draw in US gasoline supplies helped to drive the premium of gasoline over crude oil to the highest level since September. A level of support for the market comes from recent multiple unsuccessful attempts to bring the BP Whiting, Indiana refinery back online. Friday's Commitments of Traders report for the week ending February 6th showed RBOB Gas Managed Money traders net sold 11,465 contracts and are now net long 56,957 contracts. This is the smallest net long position in 12 weeks. Non-Commercial & non-reportable traders were net long 71,602 contracts after decreasing their long position by 10,885 contracts. It is possible that the net long positioning is now understated following a 15,000 contract jump in open interest during and nearly \$0.12 rally after the report window closed. In the meantime, the global diesel market contends with its own set of geopolitical risks following Ukrainian drone attacks on Russian refineries. Heating Oil Managed Money traders are net long 16,627 contracts after net selling 7,140 contracts. Non-Commercial & non-reportable traders are net long 41,296 contracts after modest net selling activity.

**NATURAL GAS:** March Natural gas prices saw a gap lower open Sunday evening that led to another lower low. The market ended last week's trade with a five-day losing streak and down 11%. There were reports over the weekend calling for the Biden administration to overturn the recent pause in LNG exports, but that's done little to support the market this morning. The negative headwinds continue to be near record US production and warmer

than normal US weather forecasts this winter. Utilities have used less natural gas this year as heating demand ebbed. US natural gas storage is about 15% above normal for this time of year. Last week's slide in natural gas prices and subsequent rally in WTI crude oil drove the US oil to gas ratio into the highest level since 2012. This is likely to remain a negative headwind for natural gas prices, with more oil drilling activity pulling up more residual adding to natural gas supplies. Natural gas positioning in the Commitments of Traders for the week ending February 6th showed Managed Money traders net sold 25,892 contracts and are now net short 95,903 contracts. This is the smallest net long position in seven weeks. Non-Commercial & non-reportable traders are net short 82,582 contracts after net selling 6,706 contracts.

**TODAY'S MARKET IDEAS:**

Market focus shifts toward tomorrow's reading on US CPI and how that might impact the Fed's rate cut prospects, as well as the OPEC meeting outcome. The oil market is likely to succumb to more profit-taking selling pressure today on further weakness in the March contract below \$75.68. Resistance comes in at last week's swing high of \$77.29. The product markets are also vulnerable to a bout of near-term profit taking, and that becomes more likely on a drive in March RBOB below support at \$2.3025. That level for March heating oil enters at \$2.8755.

**NEW RECOMMENDATIONS:**

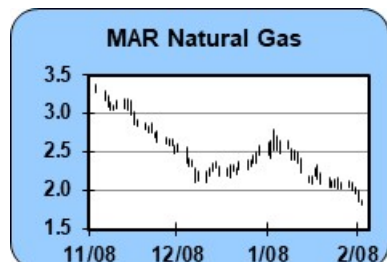
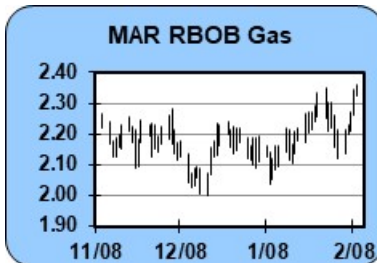
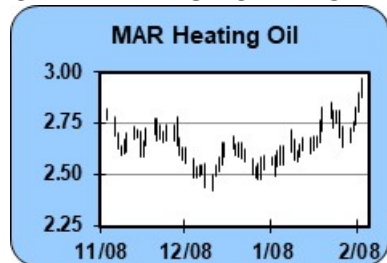
None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 1/30/2024 - 2/6/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Energies</b>						
Crude Oil	185,563	-32,872	-217,578	+27,265	32,014	+5,606
Heating Oil	17,789	-5,687	-41,297	+498	23,507	+5,189
Natural Gas	-115,818	-11,531	82,583	+6,707	33,236	+4,825
Gas (RBOB)	64,627	-8,542	-71,601	+10,887	6,975	-2,343

**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) 02/12/2024:** A negative indicator was given with the downside crossover of the 9 and 18 bar moving average. The crossover up in the daily stochastics is a bullish signal. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next upside target is 77.93. The next area of resistance is around 77.22 and 77.93, while 1st support hits today at 75.86 and below there at 75.22.

**HEATING OIL (MAR) 02/12/2024:** Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside objective is 303.40. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 299.68 and 303.40, while 1st support hits today at 289.92 and below there at 283.87.

**RBOB GAS (MAR) 02/12/2024:** Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 237.57. The next area of resistance is around 235.29 and 237.57, while 1st support hits today at 231.59 and below there at 230.17.

**NATURAL GAS (MAR) 02/12/2024:** Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 1.788. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 1.894 and 1.923, while 1st support hits today at 1.826 and below there at 1.788.

## 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	76.54	60.46	57.11	45.52	49.90	74.98	74.72	74.92	73.34	73.99
CLAJ24	76.47	60.49	57.11	45.84	50.38	74.99	74.69	74.85	73.40	74.01
HOAH24	294.80	76.34	71.15	72.88	82.82	2.85	2.78	2.74	2.63	2.64
HOAJ24	285.54	75.93	70.66	74.04	82.98	2.77	2.72	2.67	2.58	2.59
RBAH24	233.44	65.51	61.82	62.43	73.63	2.29	2.25	2.24	2.17	2.18
RBAJ24	256.32	68.17	64.15	64.56	74.93	2.51	2.47	2.46	2.38	2.38
NGAH24	1.860	22.47	28.36	7.80	7.69	1.94	2.02	2.13	2.28	2.41
NGAJ24	1.894	21.73	28.05	7.67	7.74	1.96	2.03	2.14	2.28	2.39

Calculations based on previous session. Data collected 02/09/2024

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	75.21	75.86	76.57	77.22	77.93
CLAJ24	Crude Oil	75.20	75.82	76.49	77.11	77.78
HOAH24	Heating Oil	283.86	289.91	293.63	299.68	303.40
HOAJ24	Heating Oil	276.52	281.41	284.77	289.66	293.02
RBAH24	RBOB Gas	230.17	231.59	233.87	235.29	237.57
RBAJ24	RBOB Gas	252.80	254.62	256.20	258.02	259.60
NGAH24	Natural Gas	1.787	1.826	1.855	1.894	1.923
NGAJ24	Natural Gas	1.821	1.859	1.890	1.928	1.959

Calculations based on previous session. Data collected 02/09/2024

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