



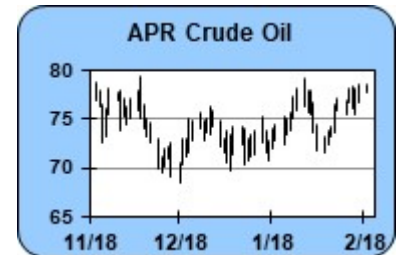
## DAILY ENERGY COMPLEX COMMENTARY Tuesday February 20, 2024

### DAILY ENERGY COMPLEX COMMENTARY 2/20/2024

#### Divergence between crude & products highlight a feeble bull case

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):  
CRUDE -37, HEATING OIL -81, UNLEADED GAS -321**

**CRUDE OIL MARKET FUNDAMENTALS:** We suspect several developments have provided oil with an early upside breakout to the highest level since January 29th. News that Yemeni rebels have continued to attack ships (indicating one ship might sink), news OPEC+ will extend oil cuts into the second quarter, and the very aggressive Chinese move to support their property sector is emboldening the bull camp. However, extending production cuts might only discourage sellers and might not prompt fresh buying. However, the bull camp should draft support from expanding hedge fund long interest in Brent and from news that this year's Chinese holiday road traffic was the highest of the pandemic era. In fact, the markets are also drafting support from evidence that Chinese vacationers are flocking to areas in Southeast Asia and from very upbeat forecasts for global passenger jet fuel demand this week. In yet another supportive weekend development Iraq has indicated it will improve its compliance with OPEC+ production cuts after evidence the country produced 190,000 barrels more than their quota last month. Last week the US rig count declined by two with the overall oil and gas rig operating countdown last year by 20%! The bull camp in crude should be emboldened by the fact that WTI net spec and fund long remains near 12-year lows! The Commitments of Traders report for the week ending February 13th showed Crude Oil Managed Money traders net bought 20,695 contracts and are now net long 115,658 contracts. Non-Commercial & non-reportable traders reduced their net long position by 252 contracts to a net long 217,325 contracts.



**PRODUCT MARKET FUNDAMENTALS:** Apparently, the gasoline market is not in favor like the crude oil market today, as prices remain near last week's lows despite an upside breakout in crude oil. Even more disappointing for the bull camp is the fact that the US refinery operating rate remains very low setting the stage for a drawdown in gasoline stocks especially if the low refinery utilization rate remains in place in the face of what is normally the beginning of an upswing in seasonal demand. Unfortunately for the bull camp, the charts favor the bear camp and the inability to hold above \$2.5234 could result in a downside extension to \$2.5069. The February 13th Commitments of Traders report showed Gas (RBOB) Managed Money traders were net long 62,140 contracts after increasing their already long position by 5,183 contracts. Non-Commercial & non-reportable traders net bought 4,408 contracts and are now net long 76,010 contracts. Like the gasoline market, the diesel market has failed to join crude oil in an early positive track. In fact, the bull camp should be very disappointed in soft early price action this morning given very optimistic global jet fuel demand stories overnight. Apparently, estimates call for a significant jump in US and European jet fuel demand and a strong jump in Southeast Asian jet fuel demand from a notable expansion of Chinese travel. Heating Oil positioning in the Commitments of Traders for the week ending February 13th showed Managed Money traders are net long 26,589 contracts after net buying 9,962 contracts. Non-Commercial & non-reportable traders net long 46,430 contracts after net buying 5,134 contracts.

**NATURAL GAS:** While the technical picture for natural gas improved slightly with the early sharp rejection of new contract lows, we suspect cooler temperatures will have a very limited if any sustained impact on prices. However, given the net spec and fund short in natural gas (adjusted for the new contract low this morning) is nearing the largest level since May of last year, it could become increasingly more difficult to press prices lower. The February 13th Commitments of Traders report showed Natural Gas Managed Money traders added 32,513

contracts to their already short position and are now net short 128,416. Non-Commercial & non-reportable traders added 18,693 contracts to their already short position and are now net short 101,275.

**TODAY'S MARKET IDEAS:**

With some divergence in the marketplace (strong crude and weak products) the bull case is suspect. However, the bull camp is benefiting from improved demand sentiment following aggressive Chinese stimulus and very upbeat predictions of strong global jet fuel demand. On the other hand, crude oil prices are no longer cheap, and a very low US refinery operating rate could provide another significant jump in EIA crude oil stocks this week.

**NEW RECOMMENDATIONS:**

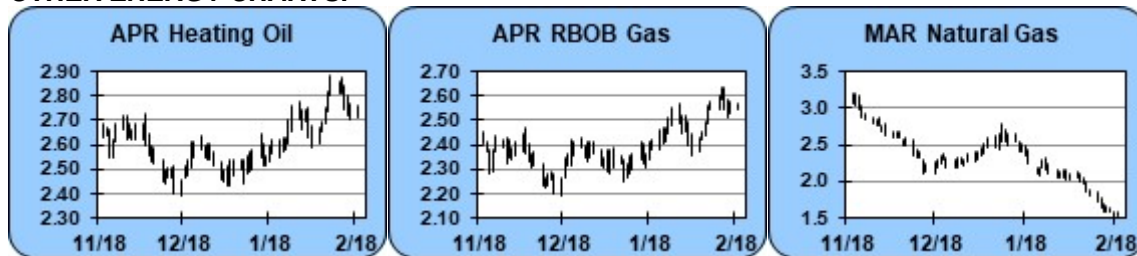
None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 2/6/2024 - 2/13/2024						
	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	193,665	+8,102	-217,325	+253	23,660	-8,354
Heating Oil	21,209	+3,420	-46,431	-5,134	25,221	+1,714
Natural Gas	-140,346	-24,528	101,275	+18,692	39,071	+5,835
Gas (RBOB)	66,239	+1,612	-76,010	-4,409	9,771	+2,796

**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 (APR) 02/20/2024:** Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next upside target is 79.75. The next area of resistance is around 79.16 and 79.75, while 1st support hits today at 77.34 and below there at 76.10.

**HEATING OIL (APR) 02/20/2024:** 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 negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 267.79. The next area of resistance is around 278.33 and 280.68, while 1st support hits today at 271.89 and below there at 267.79.

**RBOB GAS (APR) 02/20/2024:** 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 261.53. The next area of resistance is around 259.53 and 261.53, while 1st support hits today at 253.93 and below there at 250.34.

NATURAL GAS (APR) 02/20/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next downside target is now at 1.608. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 1.709 and 1.739, while 1st support hits today at 1.644 and below there at 1.608.

## 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>										
CLAJ24	78.25	65.05	60.90	67.51	78.19	77.44	76.31	75.88	74.15	74.11
CLAK24	77.79	64.99	60.75	67.23	78.02	77.14	76.12	75.73	74.12	74.08
HOAJ24	275.11	53.69	56.18	72.32	65.57	2.78	2.78	2.73	2.61	2.60
HOAK24	267.31	53.93	56.01	73.46	67.91	2.70	2.70	2.66	2.56	2.55
RBAJ24	256.73	62.21	61.14	78.59	79.31	2.58	2.55	2.51	2.42	2.39
RBAK24	255.86	61.79	60.77	78.97	79.53	2.57	2.54	2.51	2.42	2.40
NGAJ24	1.677	18.44	23.40	5.68	5.63	1.68	1.82	1.98	2.21	2.29
NGAK24	1.808	20.51	24.50	5.99	6.63	1.80	1.93	2.08	2.29	2.37

Calculations based on previous session. Data collected 02/16/2024

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>						
CLAJ24	Crude Oil	76.09	77.33	77.92	79.16	79.75
CLAK24	Crude Oil	75.80	76.95	77.48	78.63	79.16
HOAJ24	Heating Oil	267.78	271.88	274.23	278.33	280.68
HOAK24	Heating Oil	260.93	264.49	266.56	270.12	272.19
RBAJ24	RBOB Gas	250.33	253.93	255.93	259.53	261.53
RBAK24	RBOB Gas	249.96	253.28	255.11	258.43	260.25
NGAJ24	Natural Gas	1.608	1.644	1.674	1.709	1.739
NGAK24	Natural Gas	1.737	1.775	1.802	1.840	1.867

Calculations based on previous session. Data collected 02/16/2024

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