



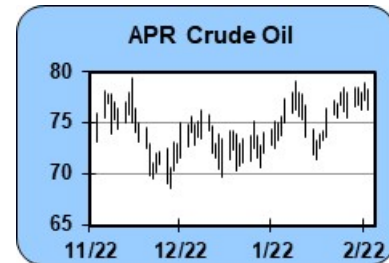
DAILY ENERGY COMPLEX COMMENTARY Monday February 26, 2024

DAILY ENERGY COMPLEX COMMENTARY 2/26/2024

The bear camp has control over petroleum and natural gas today

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -52, HEATING OIL -223, UNLEADED GAS -139**

CRUDE OIL MARKET FUNDAMENTALS: With a negative technical trade to end last week's action, followed up by negative technical action early today, the bull camp is lucky to have had improving energy demand expectations surface last week, especially with classic supply fundamentals in the US pointing to a rebuilding of crude oil inventories. However, the liquidation bias should be mitigated by a 7.5% decline in global crude oil in floating storage with inventories this week reaching the lowest since October. Furthermore, this week's floating storage readings showed Asian Pacific stocks down 3.6% and US Gulf Coast down 84%! Another supportive signal from the weekly global crude in floating storage estimate is a large buildup of supply in the Middle East as supplies back up from the terrorist threat in the Red Sea. On the other hand, we expect this week's EIA report will show US production returning to record levels from the severe cold disruptions, and with nearly 20% of US refinery capacity idled, we suspect EIA crude oil stocks will continue to build. However, in a strange anomaly, a pattern of four straight weekly builds in EIA crude storage has resulted in an expansion of the year-over-year deficit to 36 million barrels. The bull camp is also fortunate in the capacity to hold onto the theme of an expanded conflict in the Middle East, as a significant increase in US and UK military action in the region has seemingly reduced emerging threats and reduces the terrorist capacity to attack. While not at a 12-year low anymore, the net spec and long in crude should be mostly liquidated increasing the prospects April crude will respect \$75.00 later this week. The Commitments of Traders report for the week ending February 20th showed Crude Oil Managed Money traders were net long 134,150 contracts after increasing their already long position by 18,492 contracts. Non-Commercial & non-reportable traders added 20,947 contracts to their already long position and are now net long 238,272.



PRODUCT MARKET FUNDAMENTALS: While the gasoline market at times last week was the most vulnerable petroleum market, the trade has respected the \$2.50 level in each of the last five sessions lending that level as solid support or value. Unfortunately for the bull camp gasoline inventories are the most burdensome of key EIA inventories and despite an extremely low refinery operating rate stocks have only declined 6 million barrels since early January. Unfortunately for the bull camp, the net spec and fund long position in gasoline market leaves it the most vulnerable to a stop loss selling threat of the petroleum markets. Gas (RBOB) positioning in the Commitments of Traders for the week ending February 20th showed Managed Money traders are net long 61,425 contracts after net selling 715 contracts. Non-Commercial & non-reportable traders net long 72,831 contracts after decreasing their long position by 3,179 contracts. As indicated already key support is at \$2.5051 at \$2.4930. The Commitments of Traders report for the week ending February 20th showed Heating Oil Managed Money traders were net long 22,371 contracts after decreasing their long position by 4,218 contracts. Non-Commercial & non-reportable traders net long 38,684 contracts after decreasing their long position by 7,746 contracts.

NATURAL GAS: Clearly, the corrective bounce from last week has been aggressively reversed, with European and US weather patently bearish and a (+22%) massive surplus to five-year average storage levels in the US likely set to result in fresh contract lows. In fact, the natural gas market retains last week's short at 117,000 contracts compared to the net spec and fund short of 150,000 contracts one year ago indicating the market is not

mostly sold out yet. Natural Gas positioning in the Commitments of Traders for the week ending February 20th showed Managed Money traders were net short 158,673 contracts after increasing their already short position by 30,257 contracts. Non-Commercial & non-reportable traders are net short 117,909 contracts after net selling 16,634 contracts. In a longer-term supportive development Bloomberg overnight indicated Chinese LNG import capacity is expected to rise sharply this year and is expected to reach 170 million tons per year. Furthermore, local Chinese city gas distributors have started purchasing LNG outside of normal government channels. Near-term downside targeting is \$1.68 and then down at \$1.59.

TODAY'S MARKET IDEAS:

While we see a slight corrective track from a breakdown on the charts, demand fundamentals have improved and have joined somewhat stale fears of lost Middle East supply. While negative macroeconomic sentiment overnight could reverse, the economic vibe this morning favors lower petroleum prices. In fact, without surging US equity prices and more Goldilocks US scheduled data, we see April crude oil trading in a range this week bound by \$77.50 and \$74.90.

NEW RECOMMENDATIONS:

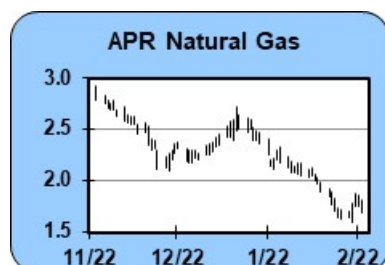
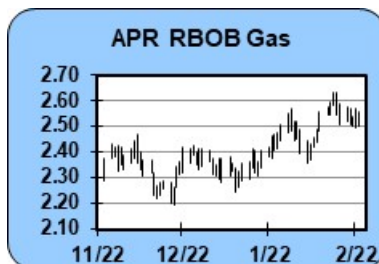
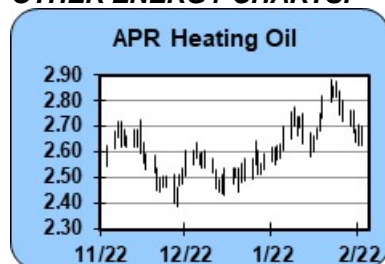
None.

PREVIOUS RECOMMENDATIONS:

None.

	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Net Change	Net Position	Weekly Net Change	Net Change
Energies							
Crude Oil	209,149	+15,484	-238,270	-20,945	29,123	+5,463	
Heating Oil	19,096	-2,113	-38,684	+7,747	19,588	-5,633	
Natural Gas	-158,153	-17,807	117,908	+16,633	40,244	+1,173	
Gas (RBOB)	63,285	-2,954	-72,831	+3,179	9,546	-225	

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) 02/26/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 2nd swing support number puts the market on the defensive. The next upside target is 78.99. The next area of resistance is around 77.56 and 78.99, while 1st support hits today at 75.52 and below there at 74.92.

HEATING OIL (APR) 02/26/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside target is 257.20. The next area of resistance is around 268.19 and 273.36, while 1st support hits today at 260.11 and below there at 257.20.

RBOB GAS (APR) 02/26/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The close below the 1st swing support could weigh on the market. The next downside target is now at 246.20. The next area of resistance is around 253.57 and 257.48, while 1st support hits today at 247.93 and below there at 246.20.

NATURAL GAS (APR) 02/26/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The next upside target is 1.852. The next area of resistance is around 1.757 and 1.852, while 1st support hits today at 1.629 and below there at 1.595.

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										
CLAJ24	76.54	50.16	52.16	79.75	80.73	77.53	77.43	76.08	74.64	74.19
CLAK24	76.13	49.34	51.52	78.91	80.34	76.99	77.02	75.83	74.54	74.13
HOAJ24	264.15	39.55	45.17	47.12	33.76	2.67	2.74	2.73	2.63	2.60
HOAK24	257.35	38.68	44.48	48.43	34.86	2.60	2.66	2.65	2.57	2.55
RBAJ24	250.75	48.01	51.44	69.86	64.65	2.53	2.56	2.52	2.43	2.40
RBAK24	249.89	47.53	51.06	69.97	64.54	2.52	2.55	2.51	2.43	2.41
NGAJ24	1.693	34.97	34.08	18.88	24.23	1.76	1.73	1.88	2.16	2.22
NGAK24	1.842	37.77	36.24	20.12	26.75	1.89	1.86	1.99	2.25	2.31

Calculations based on previous session. Data collected 02/23/2024

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						
CLAJ24	Crude Oil	74.91	75.52	76.95	77.56	78.99
CLAK24	Crude Oil	74.62	75.20	76.47	77.05	78.32
HOAJ24	Heating Oil	257.20	260.10	265.28	268.19	273.36
HOAK24	Heating Oil	251.10	253.73	258.34	260.97	265.58
RBAJ24	RBOB Gas	246.20	247.93	251.84	253.57	257.48
RBAK24	RBOB Gas	244.87	246.71	251.22	253.06	257.57
NGAJ24	Natural Gas	1.594	1.628	1.723	1.757	1.852
NGAK24	Natural Gas	1.750	1.781	1.871	1.902	1.992

Calculations based on previous session. Data collected 02/23/2024

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