



DAILY ENERGY COMPLEX COMMENTARY

Friday March 08, 2024

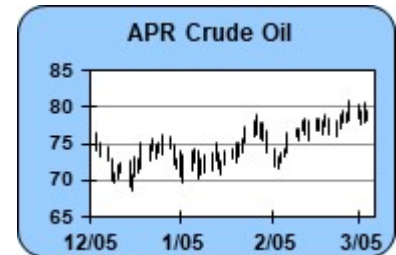
DAILY ENERGY COMPLEX COMMENTARY

3/8/2024

Resistance thickening with demand suspicion on the rise

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE +103, HEATING OIL +261, UNLEADED GAS +171

CRUDE OIL MARKET FUNDAMENTALS: Seeing crude oil prices chopping within a four dollar trading range over the last several weeks is justified given mixed opinions on global supply. Yesterday, the IEA indicated they saw the world oil market "well supplied" for this year, while another entity overnight is predicting \$90 per barrel oil in the third quarter because they expect the world oil market to tighten over the next six months. Therefore, both the bull and bear camps are set to leave this week disappointed in crude oil market action. The market disappointed the bulls early in the week when a broad improvement in energy demand prospects, signs of positive Chinese January and February oil imports and a smaller than expected inflow to EIA crude oil stocks failed to sustain prices near the prior week's highs. However, some in the trade interpreted the Chinese oil import data in a slightly bearish light with suggestions that a "softer trend" in import demand remained in place. Unfortunately for the bear camp, the very bearish statement from the IEA regarding a "well supplied" global market failed to damage what has become a credible consolidation low level on the charts at \$78.00. It goes without saying that a softening US data pattern into today's primary monthly jobs report (US nonfarm payrolls) has thickened resistance over crude oil pricing as US demand concerns could expand without a noted increase in the probability of a US rate cut! As indicated earlier in the week, we see leadership in the petroleum markets shifting from crude oil to gasoline.



PRODUCT MARKET FUNDAMENTALS: Despite a stronger than expected weekly implied gasoline demand reading, a larger than expected weekly withdrawal from EIA gasoline inventories, a narrowing of the year-over-year EIA gasoline surplus and the first weekly implied gasoline demand reading above 9 million barrels since the beginning of December, gasoline prices yesterday initially broke out to the downside and had difficulty finishing higher on the day. On the other hand, the net spec and fund long positioning in gasoline could be considered the most overbought of the complex, and that could leave the market vulnerable to stop loss selling today if this week's low is taken out at \$2.5192. It should also be noted that European gasoline inventories increased this week along with jet fuel and gas oil inventories. With the strong range up move yesterday in diesel, we are suspicious of our view that gasoline will be the leadership market in the coming trade. However, implied distillate demand improved, both distillate and diesel inventories at the EIA fell precipitously and both markets maintain year-over-year deficits. Furthermore, increased sanctions by the US resulted in increased difficulty for Russian oil exports and could also disrupt Russian diesel exports. Near-term resistance in April diesel is \$2.7240 but to gain and sustain that level probably requires a global risk on trade today.

NATURAL GAS: The failure yesterday in natural gas futures aligns with what continues to be very bearish fundamentals. In fact, US supply fundamentals worsened considerably this week with another large jump in US inventories relative to five-year average seasonal levels. The weekly natural gas storage report showed a small draw of 40 bcf. Total storage stands at 2,334 bcf or 30.9% above the 5-year average. Over the last four weeks, natural gas storage has declined 250 bcf. While news that Chinese January and February coal imports jumped 23% above year ago levels foments hope for a recovering Chinese economy, that large inflow likely reduced natural gas/LNG import interest. A near-term downside target is \$1.69 in the April contract.

EIA Natural Gas Storage Report Summary

In Billion Cubic Feet

Week Of	Week Change	Total Storage	Change From Last Year	4 Week Combined Weekly Change	Percent Change vs 5 Year Average	Percent Change vs 10 Year Average
3/1/2024	-40	2334	280	-250	30.9%	

TODAY'S MARKET IDEAS:

While the products have had more supportive chart action recently and they saw assistance from this week's API and EIA reports, the markets have seen open interest fall as if trading range action looms which in turn could mean the late February rally produced an intermediate top. Even though the trade seems hyper focused on world supply, we think the rally from last month's lows was primarily built on hope for improving demand especially from China. While China showed impressive January and February oil imports, the jury is still out on the Chinese economy. At least in today's action we expect crude oil to trade classic physical commodity market factors relating to demand. In our opinion, oil prices will fall with "as expected or lower than expected payrolls".

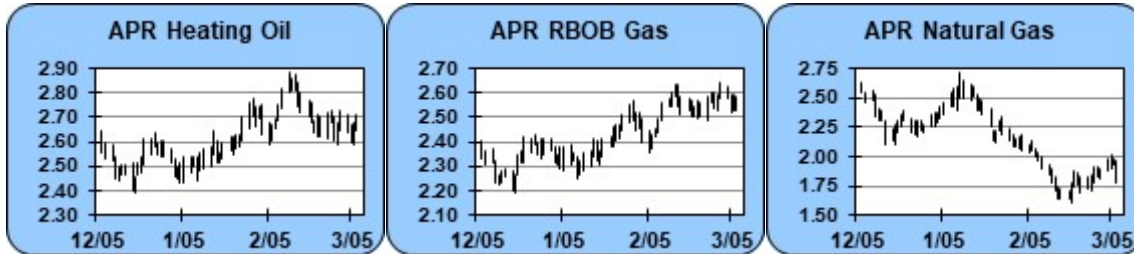
NEW RECOMMENDATIONS:

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 (APR) 03/08/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 77.34. The next area of resistance is around 79.66 and 80.35, while 1st support hits today at 78.16 and below there at 77.34.

HEATING OIL (APR) 03/08/2024: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. The daily stochastics have crossed over up which is a bullish indication. Momentum studies are trending higher from mid-range, which should support 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 275.40. The next area of resistance is around 272.46 and 275.40, while 1st support hits today at 265.38 and below there at 261.23.

RBOB GAS (APR) 03/08/2024: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The market's

close below the pivot swing number is a mildly negative setup. The next downside target is 249.49. The next area of resistance is around 258.23 and 261.22, while 1st support hits today at 252.37 and below there at 249.49.

NATURAL GAS (APR) 03/08/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next upside objective is 2.000. The next area of resistance is around 1.879 and 2.000, while 1st support hits today at 1.713 and below there at 1.667.

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	78.91	56.36	56.43	69.74	64.99	78.73	78.68	78.06	75.65	74.94
CLAK24	78.26	56.15	56.04	69.34	65.15	78.06	77.99	77.50	75.40	74.78
HOAJ24	268.92	52.15	51.58	28.92	34.63	2.65	2.67	2.70	2.66	2.62
HOAK24	262.92	52.67	51.99	30.82	36.45	2.60	2.61	2.63	2.59	2.57
RBAJ24	255.30	50.79	52.82	55.92	49.04	2.56	2.57	2.56	2.48	2.44
RBAK24	254.46	50.75	52.68	56.10	49.38	2.55	2.56	2.56	2.47	2.44
NGAJ24	1.796	43.17	42.56	65.62	66.53	1.90	1.86	1.79	2.08	2.13
NGAK24	1.939	43.97	43.67	68.63	67.89	2.04	2.01	1.93	2.18	2.22

Calculations based on previous session. Data collected 03/07/2024

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

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAJ24	Crude Oil	77.33	78.15	78.84	79.66	80.35
CLAK24	Crude Oil	76.80	77.55	78.22	78.97	79.64
HOAJ24	Heating Oil	261.22	265.37	268.31	272.46	275.40
HOAK24	Heating Oil	256.47	259.89	262.52	265.94	268.57
RBAJ24	RBOB Gas	249.48	252.36	255.35	258.23	261.22
RBAK24	RBOB Gas	248.83	251.64	254.46	257.27	260.09
NGAJ24	Natural Gas	1.666	1.712	1.833	1.879	2.000
NGAK24	Natural Gas	1.815	1.859	1.973	2.017	2.131

Calculations based on previous session. Data collected 03/07/2024

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