



DAILY ENERGY COMPLEX COMMENTARY

Monday March 11, 2024

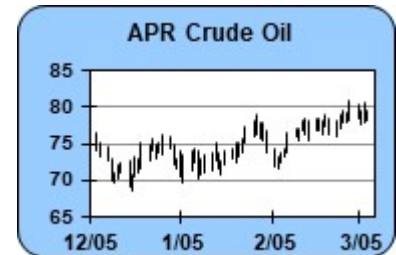
DAILY ENERGY COMPLEX COMMENTARY

3/11/2024

The bias in energy markets starts the week pointing down

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -7, HEATING OIL -11, UNLEADED GAS +97

CRUDE OIL MARKET FUNDAMENTALS: The crude oil market lost its upside bid last week and appears to have forged a top at the \$80.00 level. In our opinion, the bull camp should worry about demand again as a lengthening string of soft US data has become a trend and economic news from China is not definitively upbeat yet. However, prices could find some support from a tightening of US oil supplies because of weakness in the dollar (increased exports) and from the spooling up of US refinery activity after extended maintenance left nearly 20% of US refinery capacity off-line for the last five weeks. Fortunately for the bull camp, the recent jump in the refinery operating rate (from 80.6% on February 9th, to last week's 84.9%) should improve demand for prompt crude. Other supportive developments from the supply side of the equation surfaced this morning following a private service indication that global crude oil in floating storage declined by 8.1% over the last week and from suggestions Saudi Arabia will cut some supply to Asia because of oilfield maintenance. Another issue likely to provide support to crude oil in the coming weeks is the approach of Ramadan as terrorist groups in the Middle East have indicated they will strike out aggressively during the holiday period. In fact, over the weekend Houthi drones attacked both air carriers and warships potentially suggesting intensifying action ahead. While we give the edge to the bear camp from poor chart action at the end of last week and from renewed concerns toward softening global demand, the net spec and fund positioning in crude oil remains very low and with modest downside could become mostly leveled. In a supportive longer-term development, US drilling activity last week declined for the first week in five and is now 16% below year ago levels! Crude Oil positioning in the Commitments of Traders for the week ending March 5th showed Managed Money traders are net long 183,960 contracts after net buying 9,230 contracts. Non-Commercial & non-reportable traders net long 288,567 contracts after increasing their already long position by 24,555 contracts. Critical support was at a quasi-double low last week at \$77.52.



PRODUCT MARKET FUNDAMENTALS: Like the crude oil market, the gasoline market damaged its charts with a lower low this morning and faces bearish fundamental and technical influences to start this week. In addition to clear signs the US is ramping up its refinery activity (from 80.6% on February 9th to 84.9% last week) creating a rising supply environment some may question US demand given an obvious trend of softening US economic data. Unlike the crude oil market, the gasoline net spec and fund long position is relatively lofty (30,000 contracts above the last two years lows) potentially allowing for a retest of a late February double low zone beginning at \$2.4930. On the other hand, we would not rule out a major recovery at midweek if the EIA report posts another round of strong implied gasoline demand and the report results in the year-over-year surplus in gasoline inventories to shift into a deficit! Gas (RBOB) positioning in the Commitments of Traders for the week ending March 5th showed Managed Money traders are net long 60,034 contracts after net selling 969 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 2,824 contracts to a net long 67,142 contracts. The diesel market continues to hold the strongest supply and demand set up of the petroleum markets, as year-over-year deficits are in place in diesel and distillate, there have been recent signs of strengthening demand and a long string of weekly declines in inventories (almost 2 months straight). The March 5th Commitments of Traders report showed Heating Oil Managed Money traders were net long 16,952 contracts after decreasing their long position by 7,395 contracts. Non-Commercial & Non-Reportable traders net sold 1,642 contracts and are now net long 35,702 contracts. Near-term targeting and consolidation support is \$2.5912.

NATURAL GAS: While overnight reports of strength in Asian LNG prices provide some support which in turn solidifies charts support around \$1.80, fears of slower US exports from terminal problems should keep up the pressure on prices from rising US supplies. In other words, with US supplies remaining burdensome even with record or full capacity exports, demand remains a major problem for the bull camp. With the natural gas market last week seemingly coming to its senses after several weeks of what was more than likely long term short covering buying, the trade now looks to be seeking a lower value zone. In the end, US supply continues to build and that should provide thick fundamental resistance over prices, especially with much above normal temperatures throughout the US and Europe leaving the bear camp extremely confident. While the recent net spec and fund short position in natural gas was moderated significantly with last week's rally, it was at the highest level since April of last year thereby making it very likely the recent rally was classic short covering by specs. The March 5th Commitments of Traders report showed Natural Gas Managed Money traders are net short 106,708 contracts after net buying 14,485 contracts. Non-Commercial & non-reportable traders reduced their net short position by 14,049 contracts to a net short 98,765 contracts. While there is a chance the April gas contract will respect the \$1.75 level a more likely low is seen at \$1.69.

TODAY'S MARKET IDEAS:

While we give the initial edge to the bear camp, petroleum markets could find solid support tonight if Chinese new loan readings show better activity especially with a falling dollar, lower interest rates and warnings of an escalation of terrorist activity in the Middle East into Ramadan. However, many markets think Tuesday's US CPI reading will cushion US slowing fears which in turn could save the bull camp in energies, as softer inflation increases rate cut hopes and should revitalize US energy demand. In today's action the bias is down with initial support in April crude at \$77.17, at \$2.493 in April gasoline, and at \$2.5912 in April diesel.

NEW RECOMMENDATIONS:

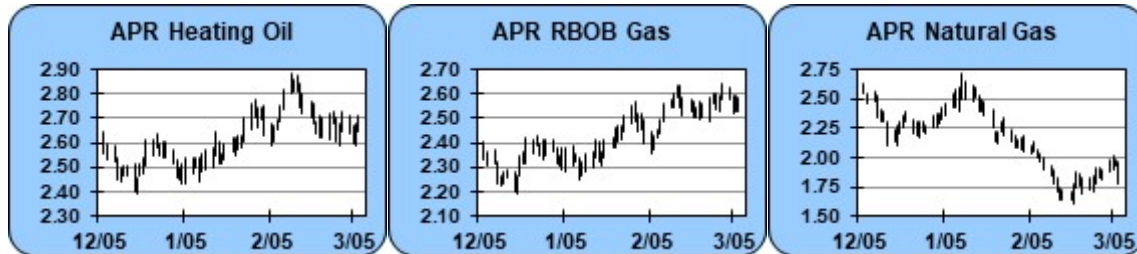
None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 2/27/2024 - 3/5/2024						
	Non-Commercial		Commercial Net Position	Non-Reportable		
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change
Energies						
Crude Oil	252,171	+13,737	-288,567	-24,555	36,396	+10,818
Heating Oil	16,974	-3,629	-35,702	+1,643	18,728	+1,987
Natural Gas	-130,063	+13,236	98,765	-14,049	31,298	+813
Gas (RBOB)	58,679	-1,697	-67,142	+2,824	8,463	-1,127

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) 03/11/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price

action. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The outside day down is somewhat negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 75.89. The next area of resistance is around 79.06 and 80.74, while 1st support hits today at 76.64 and below there at 75.89.

HEATING OIL (APR) 03/11/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The next upside target is 275.69. The next area of resistance is around 268.59 and 275.69, while 1st support hits today at 258.25 and below there at 255.00.

RBOB GAS (APR) 03/11/2024: 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. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 247.43. The next area of resistance is around 255.63 and 259.72, while 1st support hits today at 249.49 and below there at 247.43.

NATURAL GAS (APR) 03/11/2024: A crossover down in the daily stochastics is a bearish signal. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The market tilt is slightly negative with the close under the pivot. The next downside objective is 1.718. The next area of resistance is around 1.844 and 1.881, while 1st support hits today at 1.762 and below there at 1.718.

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	77.85	49.26	52.06	65.54	57.06	78.52	78.72	78.11	75.76	75.04
CLAK24	77.33	49.47	51.96	65.62	57.90	77.87	78.03	77.55	75.49	74.87
HOAJ24	263.42	45.18	46.94	30.57	33.86	2.65	2.66	2.69	2.66	2.62
HOAK24	258.14	45.66	47.42	32.49	35.85	2.60	2.60	2.63	2.60	2.57
RBAJ24	252.56	45.94	49.71	51.01	41.18	2.54	2.57	2.56	2.48	2.44
RBAK24	251.99	46.22	49.77	51.44	42.12	2.53	2.56	2.55	2.48	2.44
NGAJ24	1.803	43.55	42.84	64.83	62.04	1.88	1.87	1.80	2.07	2.12
NGAK24	1.926	42.80	42.95	66.29	60.88	2.01	2.01	1.93	2.17	2.22

Calculations based on previous session. Data collected 03/08/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAJ24	Crude Oil	75.88	76.63	78.31	79.06	80.74
CLAK24	Crude Oil	75.50	76.20	77.75	78.45	79.99
HOAJ24	Heating Oil	254.99	258.24	265.34	268.59	275.69
HOAK24	Heating Oil	250.76	253.61	259.81	262.66	268.86
RBAJ24	RBOB Gas	247.42	249.48	253.57	255.63	259.72
RBAK24	RBOB Gas	247.08	249.05	252.96	254.93	258.84
NGAJ24	Natural Gas	1.717	1.762	1.799	1.844	1.881
NGAK24	Natural Gas	1.866	1.896	1.925	1.955	1.984

Calculations based on previous session. Data collected 03/08/2024

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