



DAILY ENERGY COMPLEX COMMENTARY

Monday March 18, 2024

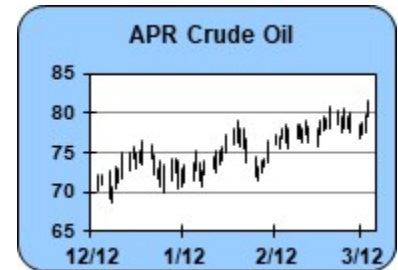
DAILY ENERGY COMPLEX COMMENTARY

3/18/2024

Supportive Chinese data, uptick in geopolitical risks support

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +58, HEATING OIL +403, UNLEADED GAS +230

CRUDE OIL MARKET FUNDAMENTALS: Crude oil builds on last week's 4% rally and trades to its highest level since October. Stronger than expected Chinese factory output data overnight is providing early support. There are supply-side concerns with more Ukrainian drone attacks on Russian infrastructure over the weekend. Vladimir Putin won the Russian election over the weekend and vowed to retaliate against Ukraine for the continued drone attacks on key infrastructure. By some accounts, as much as 7% of Russian refining capacity has been idled during the first quarter. The geopolitical risk premium is being intensified by reports that Israel's Prime Minister Netanyahu will proceed with plans to invade Rafah, which delays any near-term resolution to the conflict. There were more attacks on shipping near Yemen over the weekend after a Houthi leader warned that they would continue with the attacks during Ramadan. Some lingering support may be coming from last week's IEA and OPEC reports showing an improved demand outlook for crude oil. The spread between Brent December 2024 and December 2025 futures continues to rise, increasing backwardation, which can indicate oil may see further gains suggesting tighter second quarter conditions. Crude Oil positioning in the Commitments of Traders for the week ending March 12th showed Managed Money traders were net long 169,893 contracts after decreasing their long position by 14,067 contracts. Non-commercial and non-reportable traders reduced their net long position by 8,380 contracts to a net long 280,187 contracts.



PRODUCT MARKET FUNDAMENTALS: A strong early showing in crude oil, fresh geopolitical concerns and a supportive outside market tone provide initial support. As a result, May RBOB gasoline prices cleared the October swing high and rallied into new contract high territory. Reports out of China over the weekend show an uptick in gasoline demand over the Lunar New Year as refiners processed a record amount of crude oil. There were also reports that over 370,000 barrels per day of Russian refinery capacity is offline due to drone attacks. Although US refinery utilization has risen more than 5% over the past two weeks to 86.8%, it is still below last year's 88.2% and well below the 92% level seen earlier this year. North American driving demand should see a mild uptick over the next few weeks as we approach the Easter holiday weekend at month-end. Gas (RBOB) positioning in the Commitments of Traders for the week ending March 12th showed Managed Money traders were net long 66,769 contracts after increasing their already long position by 6,735 contracts. This represents a new six-week high.

Non-commercial & non-reportable traders net bought 4,521 contracts and are now net long 71,663 contracts. Heating Oil Managed Money traders reduced their net long position by 6,015 contracts to a net long 10,937 contracts, a new nine-month low. Non-commercial & non-reportable traders net sold 3,662 contracts and are now net long 32,040 contracts.

NATURAL GAS: Natural gas prices pushed higher during the initial morning hours, with the May contract approaching last week's high at \$1.961. Unseasonably warm temperatures across the US have diminished heating and power plant demand during the final weeks of the North American winter heating season. US dry gas production is barely above the 100 bcf per day level and well below its record highs, due in large part to US gas storage running 37% above the 5-year average. Although there may be a mild uptick in Chinese LNG import demand, US LNG continue to hold just above the 13 bcf per day level.

The Commitments of Traders report for the week ending March 12th showed Natural Gas Managed Money traders were net short 98,042 contracts after decreasing their short position by 8,666 contracts. Non-commercial & non-reportable traders reduced their net short position by 28,010 contracts to a net short 70,755 contracts.

TODAY'S MARKET IDEAS:

The bulls will start out with the upper hand due to Middle East and Russian supply anxiety, but key events later this week may give longs some pause for thought. The prospect of hawkish comments and economic projections from the Fed on Wednesday could erode a positive demand outlook and put crude oil and the products back on the defensive. ULSD looks to outperform RBOB and crude oil early this week, and current longs should place price objectives just above the market, implement stops, or purchase options protection. Near-term support for May crude oil is at \$79.75 while resistance is up at \$83.87. Near-term support for May ULSD is at \$2.6856 while near-term support for May RBOB is at \$2.6700.

NEW RECOMMENDATIONS:

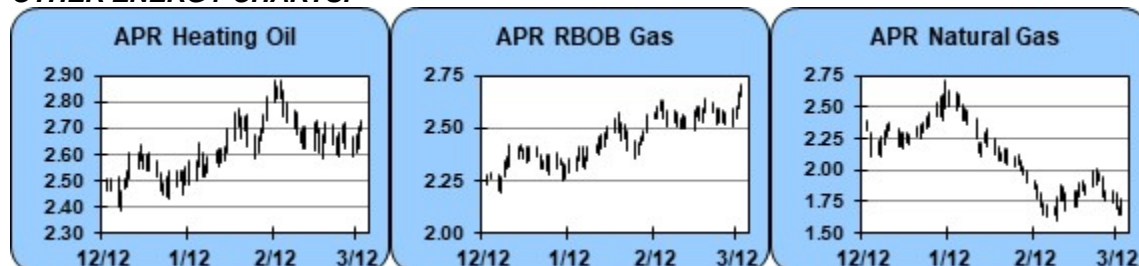
None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/5/2024 - 3/12/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Energies						
Crude Oil	245,145	-7,026	-280,186	+8,381	35,042	-1,354
Heating Oil	12,205	-4,769	-32,039	+3,663	19,835	+1,107
Natural Gas	-103,798	+26,265	70,755	-28,010	33,043	+1,745
Gas (RBOB)	59,576	+897	-71,662	-4,520	12,087	+3,624

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 (MAY) 03/18/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 81.39. The next area of resistance is around 81.02 and 81.39, while 1st support hits today at 80.14 and below there at 79.64.

HEATING OIL (MAY) 03/18/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day up is a positive signal. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 274.10. The next area of resistance is around 272.30 and 274.10, while 1st support hits today at 267.06 and below there at 263.63.

RBOB GAS (MAY) 03/18/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 273.59. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 272.19 and 273.59, while 1st support hits today at 268.15 and below there at 265.50.

NATURAL GAS (MAY) 03/18/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. The market could take on a defensive posture with the daily closing price reversal down. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 1.712. The next area of resistance is around 1.866 and 1.935, while 1st support hits today at 1.754 and below there at 1.712.

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										
CLAK24	80.58	67.29	63.09	69.71	79.81	79.47	78.56	78.12	76.25	75.48
CLAM24	80.14	69.04	64.07	73.54	83.93	79.02	78.07	77.59	75.91	75.21
HOAK24	269.68	62.23	58.27	60.41	78.27	2.66	2.62	2.62	2.62	2.58
HOAM24	266.86	65.01	60.47	65.20	82.53	2.63	2.59	2.58	2.57	2.54
RBAK24	270.17	72.02	66.55	73.51	88.26	2.66	2.59	2.57	2.51	2.47
RBAM24	266.21	71.71	66.30	73.88	88.24	2.62	2.56	2.54	2.48	2.45
NGAK24	1.810	38.10	39.38	30.70	20.30	1.82	1.91	1.94	2.08	2.17
NGAM24	2.054	37.12	39.54	33.91	20.10	2.07	2.16	2.18	2.27	2.35

Calculations based on previous session. Data collected 03/15/2024

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						
CLAK24	Crude Oil	79.63	80.14	80.51	81.02	81.39
CLAM24	Crude Oil	79.18	79.71	80.03	80.56	80.88
HOAK24	Heating Oil	263.62	267.06	268.86	272.30	274.10
HOAM24	Heating Oil	261.67	264.60	266.18	269.11	270.69
RBAK24	RBOB Gas	265.49	268.14	269.54	272.19	273.59
RBAM24	RBOB Gas	262.29	264.53	265.65	267.89	269.01
NGAK24	Natural Gas	1.711	1.754	1.823	1.866	1.935
NGAM24	Natural Gas	1.957	1.996	2.072	2.111	2.187

Calculations based on previous session. Data collected 03/15/2024

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