



## DAILY ENERGY COMPLEX COMMENTARY

Tuesday March 26, 2024

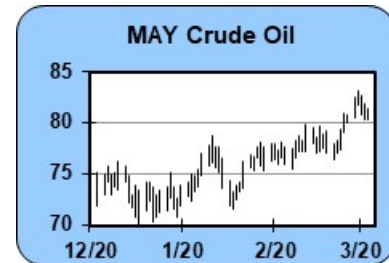
### DAILY ENERGY COMPLEX COMMENTARY

3/26/2024

**Modest bullishness toward petroleum residual bearishness toward gas**

**OVERNIGHT CHANGES THROUGH 4:10 AM (CT):**  
**CRUDE +2, HEATING OIL -57, UNLEADED GAS -60**

**CRUDE OIL MARKET FUNDAMENTALS:** We continue to be surprised with residual strength in crude oil prices off expectations that OPEC plus production restraint will ultimately serve to "tighten" global supply. In fact, significant market share has been gained by the US following record production and the extension of OPEC plus production restraint is expected to result in more members resigning from the cartel. It should be noted that OPEC plus will have a policy meeting next week but at present no changes to current policy are expected by the trade. Furthermore, we expect the markets will continue to see Russian and Ukrainian drone strikes against energy infrastructure which clearly escalates the threat to global supply. In fact, with a Turkish pipeline remaining off-line, a slight deterioration in energy demand expectations has been discounted early this week. In addition to the Russian instructions to their oil sector to reduce output, we suspect yesterday's gains were large enough to prompt short covering and/or stop loss buying by those pressuring the market over the last week. It should also be noted that Ukraine and Russia have clearly stepped up targeting of energy infrastructure which increases the prospect of a disruption of Russian oil exports. Perhaps some traders picked up long crude oil position after a bullish outlook from Goldman Sachs toward physical commodities. In the end, global geopolitical uncertainties are rising, and an analyst yesterday predicted Brent crude oil to trade \$95 per barrel in the near-term! This week's Reuters poll projects EIA crude oil inventories to decline by 1 million barrels and projects another increase in the US refinery operating rate of 0.9%.



**PRODUCT MARKET FUNDAMENTALS:** With the four-day high yesterday, the gasoline market continues to see lift from the threat against Russian gasoline supply from Ukraine drone attacks. While the gasoline market managed to rise along with crude oil prices yesterday, the market has lost some relative momentum perhaps because of a mini seasonal downturn in US implied gasoline demand. We attribute part of the loss of bullish momentum in gasoline to the prospect of large increases in EIA weekly gasoline inventories following the massive five-week jump in the US refinery operating rate of 17.5%. Unfortunately for the bull camp, the net spec and fund long in gasoline remains overdone potentially robbing the market of buying fuel and/or potentially accelerating stop loss selling on the violation of key charts support levels. On the other hand, the May gasoline contract has built consolidation low support around the \$2.70 level and without a broad-based risk off environment, we see the May gasoline contract respecting that level. This week's Reuters poll projects EIA gasoline inventories to decline by 1.8 million barrels. With the diesel market barely managing to hold in positive territory yesterday in the face of strong gains in crude oil and a modest gain in gasoline, it continues to be the weakest link in the petroleum complex. Obviously, northern hemisphere heating degree days are destined to finish the winter significantly below normal and without a disruption of Russian diesel exports, we suspect May diesel is headed for a retest of its 200-day moving average down at \$2.6006. Fortunately for the bull camp, the net spec and fund long in diesel is relatively small compared to the rest of the petroleum markets. This week's Reuters poll projects EIA distillate inventories to decline by 1 million barrels this week.

**NATURAL GAS:** Despite news overnight that US heating degree days will remain 8 degrees below normal into

the first week of April, gas prices have managed to trade in positive territory early today. Furthermore, floating LNG supply fell 5.3% on a week over week basis and this week's Reuters poll projects a moderate withdrawal despite the surprise injection last week and that provides additional fundamental support for prices. This week's Reuters poll projects EIA natural gas in working storage to decline by 24 to 34 BCF. Fortunately for the bull camp technical signals are positive given the market's capacity to respect the \$1.75 level as support, with the market respecting that price level seven times separate times since the middle of last month. Certainly, the gas market found fresh support from a Russian missile attack of a Ukrainian gas storage facility, but that potential bullish force was mitigated by ongoing steady Russian gas flow transiting the Ukraine state pipeline. In fact, nominations for today are only minimally below yesterday.

#### **TODAY'S MARKET IDEAS:**

The threat of a disruption of global crude oil supply flow remains in the forefront of the trade, especially following a prediction yesterday of \$95 Brent crude oil in the near-term because of the likelihood of supply disruptions.

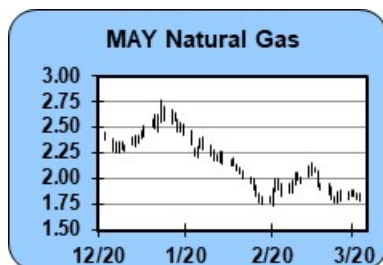
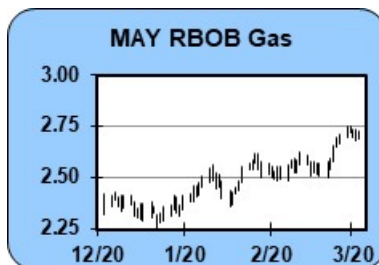
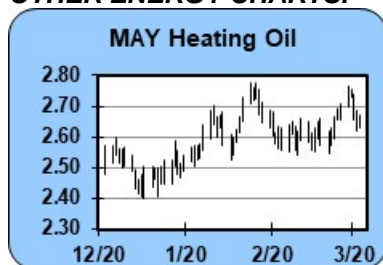
#### **NEW RECOMMENDATIONS:**

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 (MAY) 03/26/2024:** Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next downside objective is now at 79.83. The next area of resistance is around 82.83 and 83.60, while 1st support hits today at 80.95 and below there at 79.83.

**HEATING OIL (MAY) 03/26/2024:** The major trend could be turning up with the close back above the 40-day

moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is 261.09. The next area of resistance is around 269.26 and 271.88, while 1st support hits today at 263.86 and below there at 261.09.

RBOB GAS (MAY) 03/26/2024: A bullish signal was given with an upside crossover of the daily stochastics. 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 market has a slightly positive tilt with the close over the swing pivot. The next upside target is 276.98. The next area of resistance is around 274.95 and 276.98, while 1st support hits today at 270.61 and below there at 268.30.

NATURAL GAS (MAY) 03/26/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 under the swing pivot. The next downside objective is now at 1.732. The next area of resistance is around 1.838 and 1.865, while 1st support hits today at 1.772 and below there at 1.732.

## 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>										
CLAK24	81.89	64.16	62.44	76.86	75.75	81.22	81.15	79.53	77.43	76.18
CLAM24	81.34	65.19	63.21	79.41	78.20	80.74	80.65	79.00	77.03	75.86
HOAK24	266.56	51.47	52.11	63.65	56.04	2.66	2.69	2.64	2.64	2.60
HOAM24	264.84	53.73	54.14	68.64	61.65	2.64	2.66	2.61	2.60	2.56
RBAK24	272.78	68.18	65.23	87.29	87.76	2.72	2.71	2.64	2.56	2.51
RBAM24	269.19	68.52	65.45	86.81	87.14	2.68	2.68	2.60	2.53	2.48
NGAK24	1.805	39.74	40.63	19.64	16.52	1.82	1.83	1.90	1.99	2.12
NGAM24	2.034	38.41	40.41	15.76	12.11	2.05	2.07	2.14	2.20	2.31

Calculations based on previous session. Data collected 03/25/2024

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>						
CLAK24	Crude Oil	79.82	80.94	81.71	82.83	83.60
CLAM24	Crude Oil	79.45	80.48	81.16	82.19	82.87
HOAK24	Heating Oil	261.08	263.86	266.48	269.26	271.88
HOAM24	Heating Oil	259.40	262.24	264.59	267.43	269.78
RBAK24	RBOB Gas	268.29	270.60	272.64	274.95	276.98
RBAM24	RBOB Gas	264.84	267.14	268.94	271.23	273.04
NGAK24	Natural Gas	1.731	1.771	1.798	1.838	1.865
NGAM24	Natural Gas	1.967	2.006	2.023	2.062	2.079

Calculations based on previous session. Data collected 03/25/2024

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