



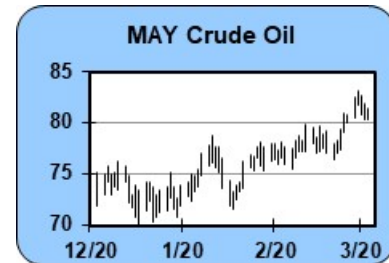
DAILY ENERGY COMPLEX COMMENTARY Wednesday March 27, 2024

DAILY ENERGY COMPLEX COMMENTARY 3/27/2024

Both supply and demand favor the bear camp

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE -57, HEATING OIL -164, UNLEADED GAS -80**

CRUDE OIL MARKET FUNDAMENTALS: Despite a very bullish \$100 price forecast emerging following evidence the Russians are moving to reduce production to comply with OPEC+ promises, oil prices are starting out under pressure today. Clearly, yesterday afternoon's surprise massive jump in API crude oil stocks of 9.33 million barrels serves to aggressively offset "potential" supply disruptions from several global supply chokepoints. In fact, the massive jump in US crude supply in the face of a virtual explosion of US refinery activity over the last month suggests the US is more than capable of providing marginal oil supply to the world market. However, trade action could remain narrow today with the trade not expecting a change in policy from next week's OPEC+ meeting and with many outside market forces in limbo today because of key US inflation data tomorrow. Apparently, J.P. Morgan predicts Brent crude oil will reach \$100 per barrel because of the active efforts by the Russians to reduce output and that forecast follows equally upbeat views toward energy prices from Goldman Sachs. While evidence of increased at sea Russian oil transfers off the coast of Oman shows the ability of Russia to move oil to the world market, the trade has also seen Russian crude oil in floating storage increase which suggests soft global demand is beginning to backup supply. Obviously, US crude oil inventories will dominate this week's reports, with the deficit to year ago levels last week becoming very significant at 36.1 million barrels! With expectations calling for crude oil inventories to decline by 1 million barrels and given expectations of another increase in the refinery operating rate of nearly 1%, demand for crude oil in the US is likely to remain strong. Last week's US refinery operating rate was 87.8% with the projected gain this week potentially raising the refinery operating rate significantly above normal seasonal levels. After the close, the API survey said that US crude oil stocks had a weekly increase of 9.337 million barrels which was in sharp contrast to trade forecasts for a mild weekly decline. In conclusion, we suspect residual supply concerns will mostly offset demand concern with key support in the May crude oil contract seen down at \$80.59.



PRODUCT MARKET FUNDAMENTALS: Despite a very significant and surprising decline of 4.4 million barrels of API gasoline inventories from yesterday afternoon, gasoline prices appear to be under pressure this morning from sagging crude oil prices and from residual fears of global slowing. With the May gasoline contract breaking out down to the lowest price in eight trading sessions and the market recently holding a very burdensome net spec and fund long position, we will not rule out a noted extension on the downside from stop selling today. However, this week's Reuters poll projects EIA gasoline stocks to decline by only 1.8 million barrels which would be the smallest weekly inventory decline since the week of February 16th. Furthermore, while the overall seasonal demand pattern is for stronger demand, there is a late March early February seasonal dip in demand pattern (likely because of the end of spring break), and we suspect the nearly 18% jump in refinery operating activity since early February will soon provide a bearish gasoline inventory buildup. The API survey said that US gasoline stocks had a weekly decline of 4.437 million barrels which was a larger decline than market expectations, while US distillate stocks had a weekly increase of 531,000 barrels which was in-line with trade forecasts. In our opinion, it will take a much larger than expected decline in EIA gasoline inventories to avert further corrective action in gasoline prices. A key pivot point/failure price today in May gasoline is \$2.6620.

Weekly EIA Petroleum Estimates - Week Ending 3/22/2024 - In Million Barrels

	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	-1.1	-1.5	445	-2
Distillates	0.7	0.3	118.5	0.6
Gasoline	-1.5	-1.9	230.8	-3.3

NATURAL GAS: Fundamental resistance continues to stack up in natural gas with the temperature forecast into the beginning of April projecting US heating degree days to run 8 degree days below normal. Certainly, the market may see expiration of front month contracts and the roll as a temporary lift but given the presence of the "heart of the shoulder season" soft demand should be expected to extend. In positive news for the bull camp, despite last week's surprise injection to inventories, this week's Reuters poll has a range of forecasts for the EIA inventory report calling for declines between 24 and 32 BCF. In the end, the path of least resistance is down with the latest net spec and fund short suggesting the market retains selling potential.

TODAY'S MARKET IDEAS:

If today's EIA report yields a large jump in EIA crude oil inventories as was signaled by the 9.3 million barrel increase in API crude oil inventories yesterday afternoon, the concern of tight US supplies should be severely deflated. In fact, US crude oil inventories should be plummeting given the 18% jump in the US refinery operating rate over the last four weeks but instead it is possible today's EIA data will signal a sharp buildup of crude oil supply which in turn should foster demand fear. Key support in the May crude oil contract is seen at \$80.59, with a key pivot point/failure price today in May gasoline pegged at \$2.6620.

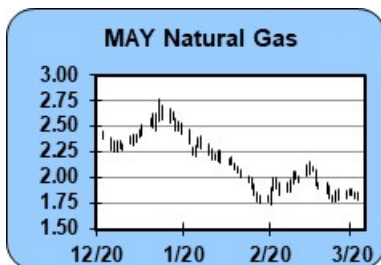
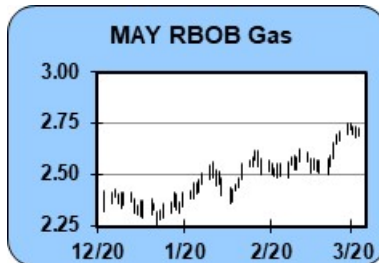
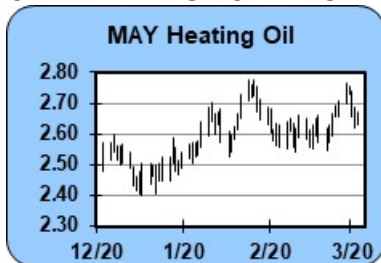
NEW RECOMMENDATIONS:

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) 03/27/2024: 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. The market tilt is slightly negative with the close under the pivot. The next downside objective is 80.69. The next area of resistance is around 81.95 and 82.64, while 1st support hits today at 80.97 and below there at 80.69.

HEATING OIL (MAY) 03/27/2024: The market back below the 40-day moving average suggests the longer-term trend could be turning down. 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 market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 255.81. The next area of resistance is around 264.29 and 269.12, while 1st support hits today at 257.64 and below there at 255.81.

RBOB GAS (MAY) 03/27/2024: A crossover down in the daily stochastics is a bearish signal. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market is in a bearish position with the close below the 2nd swing support number. The next downside objective is 263.40. The next area of resistance is around 270.95 and 275.21, while 1st support hits today at 265.05 and below there at 263.40.

NATURAL GAS (MAY) 03/27/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. 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 1.739. The next area of resistance is around 1.812 and 1.848, while 1st support hits today at 1.758 and below there at 1.739.

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	81.46	60.20	60.08	76.56	75.76	81.28	81.40	79.75	77.59	76.34
CLAM24	80.87	61.91	61.26	79.07	78.39	80.81	80.89	79.24	77.18	76.01
HOAK24	260.97	42.72	46.36	57.96	46.58	2.64	2.68	2.64	2.64	2.60
HOAM24	260.18	45.57	48.77	63.73	53.92	2.63	2.66	2.62	2.60	2.56
RBAK24	268.00	54.43	57.38	85.49	81.84	2.71	2.72	2.64	2.57	2.51
RBAM24	264.87	57.11	59.02	85.41	82.61	2.67	2.68	2.61	2.53	2.48
NGAK24	1.785	37.68	39.42	17.12	13.02	1.80	1.82	1.89	1.98	2.11
NGAM24	2.015	36.32	39.16	13.54	10.20	2.03	2.06	2.13	2.19	2.30

Calculations based on previous session. Data collected 03/26/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAK24	Crude Oil	80.68	80.97	81.66	81.95	82.64
CLAM24	Crude Oil	80.13	80.39	81.08	81.34	82.03
HOAK24	Heating Oil	255.80	257.64	262.46	264.29	269.12
HOAM24	Heating Oil	255.85	257.37	261.47	262.99	267.09
RBAK24	RBOB Gas	263.39	265.04	269.30	270.95	275.21
RBAM24	RBOB Gas	260.80	262.23	266.08	267.51	271.36
NGAK24	Natural Gas	1.738	1.757	1.793	1.812	1.848
NGAM24	Natural Gas	1.969	1.988	2.022	2.041	2.075

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