



DAILY ENERGY COMPLEX COMMENTARY

Friday April 05, 2024

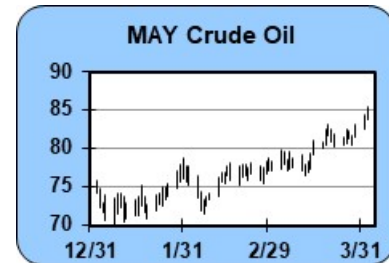
DAILY ENERGY COMPLEX COMMENTARY

4/5/2024

Iranian threatens to retaliate quickly against Israel embassies in Syria

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +16, HEATING OIL +190, UNLEADED GAS +68

CRUDE OIL MARKET FUNDAMENTALS: While petroleum prices have posted significant gains off the late March lows, more gains are likely following this week's Middle East developments. Adding to the threat against Middle East supply is the Israeli bombing of the Iranian Consulate in Syria, which has been followed up by suggestions Iran is considering strikes inside Israel very soon. Another supportive overnight development came from a significant increase in global energy market trading activity with some shippers reportedly stepping back from handling Russia's exports because of the latest sanctions. Yesterday May crude oil prices stalled under this week's high in a sign of temporary technical balancing, talk that bullish fundamentals were becoming stale and partially because softer US jobs data which in turn deflated US energy demand expectations. However, the Mexican president yesterday announced the Mexican national oil company (Pemex) would refine all domestic crude oil production inside the country which in turn would cut Mexican oil exports! Recent Mexican production was pegged at 1.87 million barrels per day and with the Mexican oil company canceling as much as 436,000 barrels per day of crude exports this month, that policy is apparently already underway! While the attempt to ramp up Mexican product output is a long-term negative for gasoline and diesel, reports that US sanctions have prevented quick repairs of damaged Russian refineries is a short-term positive. As in many other physical commodity markets today traders are likely to shift focus toward macroeconomic influences following the US jobs release and then return to internal fundamentals before the close. However, we suspect bargain hunting buyers wait on the sidelines for an opportunity to get long at cheaper levels.



PRODUCT MARKET FUNDAMENTALS: As indicated already, the product markets saw negative news from the announcement that Mexico will move to refine all domestic crude production inside the country but reports that Russia is seeing delays in repairing damaged refineries from the inability to get parts because of sanctions could result in renewed fears China will cut product exports thereby providing the prospect of global product supply tightening. Unfortunately for the bull camp, the net spec and fund long in gasoline futures is likely at the highest levels of the post pandemic era, thereby the gasoline bulls will need constant headline assistance to avoid further corrective declines ahead.

NATURAL GAS: The path of least resistance remains down in natural gas despite yesterday's large and somewhat atypical withdrawal from inventories. In other words, despite a mild temperature pattern, the 37 BCF draw yesterday is surprising and is the largest draw since March 1st! The weekly natural gas storage report showed a draw of 37 bcf. Total storage stands at 2,259 bcf or 38.9% above the 5 year average. Over the last four weeks, natural gas storage has declined 75 bcf. In conclusion, falling demand from the shoulder season should shift the natural gas market into the "injection season" with the surplus to five-year average inventory levels already sitting at a very burdensome 39%. In other words, both supply and demand forces remain bearish increasing the prospect of new contract lows ahead.

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
3/29/2024	-37	2259	422	-75	38.9%	

TODAY'S MARKET IDEAS:

We see crude oil prices as less vulnerable than gasoline prices especially with US energy demand views likely to be shaped by the takeaway from US jobs readings for the month of March. Clearly, fundamentals remain in the bull camp for crude oil and somewhat less in gasoline with a continuation of Middle East supply fears, signs buyers are balking at Russian supply, signs of improved US implied gasoline demand last week and improved Chinese energy demand expectations following a leap in traffic congestion. However, the petroleum markets are significantly overbought from short-term technical measures and therefore prices are very vulnerable to a big picture macroeconomic deterioration from critical upcoming US scheduled employment data.

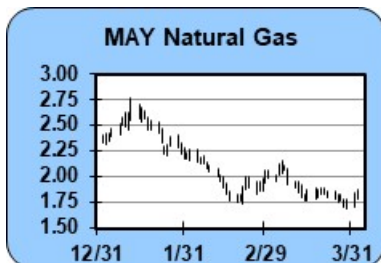
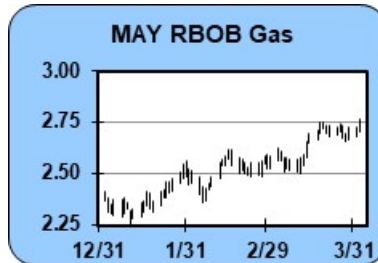
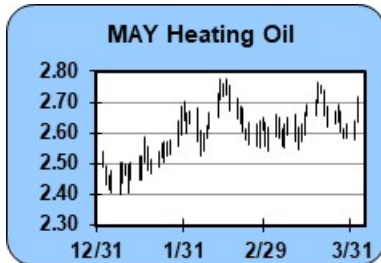
NEW RECOMMENDATIONS:

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) 04/05/2024: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day up is somewhat positive. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 88.90. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 88.01 and 88.90, while 1st support hits today at 85.43 and below there at 83.75.

HEATING OIL (MAY) 04/05/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 281.07. The next area of resistance is around 278.84 and 281.07, while 1st support hits today at 271.86 and below there at 267.10.

RBOB GAS (MAY) 04/05/2024: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The outside day up is a positive signal. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 285.11. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 282.91 and 285.11, while 1st support hits today at 276.23 and below there at 271.74.

NATURAL GAS (MAY) 04/05/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next upside target is 1.878. The next area of resistance is around 1.819 and 1.878, while 1st support hits today at 1.735 and below there at 1.710.

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	86.72	80.66	74.43	87.34	90.58	85.25	83.30	81.80	78.65	77.54
CLAM24	85.92	81.28	75.00	88.12	90.97	84.39	82.60	81.20	78.17	77.13
HOAK24	275.35	65.13	60.34	54.15	65.63	2.70	2.66	2.67	2.65	2.62
HOAM24	274.55	68.02	63.07	62.34	71.70	2.70	2.65	2.65	2.61	2.59
RBAK24	279.57	71.84	67.84	83.04	84.95	2.76	2.73	2.70	2.60	2.55
RBAM24	276.95	74.04	69.41	84.56	86.67	2.73	2.70	2.67	2.57	2.52
NGAK24	1.777	42.00	42.19	40.15	48.54	1.83	1.80	1.82	1.92	2.04
NGAM24	1.995	40.56	41.55	36.32	42.97	2.06	2.03	2.06	2.13	2.24

Calculations based on previous session. Data collected 04/04/2024

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	83.74	85.43	86.32	88.01	88.90
CLAM24	Crude Oil	83.07	84.68	85.54	87.15	88.01
HOAK24	Heating Oil	267.09	271.85	274.08	278.84	281.07
HOAM24	Heating Oil	266.77	271.28	273.31	277.82	279.85
RBAK24	RBOB Gas	271.73	276.22	278.42	282.91	285.11
RBAM24	RBOB Gas	269.32	273.69	275.83	280.20	282.34
NGAK24	Natural Gas	1.710	1.735	1.794	1.819	1.878
NGAM24	Natural Gas	1.932	1.954	2.014	2.036	2.096

Calculations based on previous session. Data collected 04/04/2024

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