



DAILY ENERGY COMPLEX COMMENTARY

Monday April 08, 2024

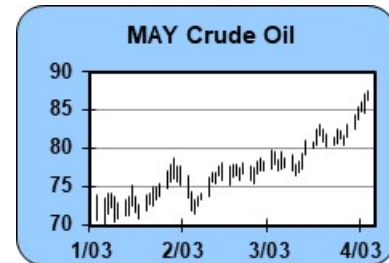
DAILY ENERGY COMPLEX COMMENTARY

4/8/2024

Failed peace talks counter Israeli pullback

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -89, HEATING OIL -404, UNLEADED GAS -296

CRUDE OIL MARKET FUNDAMENTALS: Clearly, the massive range up rally in petroleum prices last week was attributable to the increase in tensions in the Middle East as the trade last week saw intelligence chatter suggesting Iran would strike Israel sooner rather than later. However, with the Israeli military pulling back some troops in southern Gaza and hope last week that Egypt could broker a solution, a corrective setback is possible. However, the peace deal has failed and global crude oil in floating storage fell by 17% versus last week's reading giving the bull camp fresh tight supply hope. The bull camp should also be cheered by news of record US TSA traveler figures and from reports of record jet fuel demand. Crude Oil positioning in the Commitments of Traders for the week ending April 2nd showed Managed Money traders added 12,045 contracts to their already long position and are now net long 229,484. Non-Commercial & non-reportable traders were net long 346,155 contracts after increasing their already long position by 16,198 contracts. In fact, if adjusted for the rally from the positioning report to the high Friday, May crude oil rallied \$2.50 potentially leaving the market with the largest net spec long in three years. In the near-term, the Middle East issues look to be supportive while the domestic US condition seems to be shifting bearish with EIA crude oil stocks building by 6.3 million barrels over the last two weeks and the deficit to year ago inventories cut in half from three weeks ago. Even though the April rallies have been forged on rising trading volume and higher open interest, the trade appears to be becoming somewhat price sensitive. Utilizing longer-term charts, the next area of resistance in May crude oil is \$88.10 with a key pivot point to start this week at \$86.32 and a perhaps more important pivot point seen at \$85.50. As indicated in other coverage today, we suggest those with long profits bank those profits or seek protection through bear put spreads.



PRODUCT MARKET FUNDAMENTALS: In addition to further strength in crude oil, the gasoline market is indirectly supported by an outage at a Russian refinery (from flooding), a very strong US jobs report and by record US TSA checkpoint counts. While the significant jump in US refinery operating rate since early February has not built up US inventories yet, traders should watch for that news ahead. Unfortunately for the bull camp, the gasoline market has been the most overbought energy market from a net spec and fund perspective. In fact, the latest COT positioning report shows the noncommercial and nonreportable trade net long 96,524 contracts in gasoline which is the highest since the end of 2020. Furthermore, adjusted for the post positioning report rally of 5 1/2 cents the net long in gasoline is probably the largest of the post pandemic era. Uptrend channel support in gasoline today is \$2.736 with the next logical targeting seen at \$2.83 on the upside. The April 2nd Commitments of Traders report showed Gas (RBOB) Managed Money traders net bought 4,583 contracts and are now net long 83,632 contracts. Non-Commercial & Non-Reportable traders net bought 8,343 contracts and are now net long 96,524 contracts. Heating Oil positioning in the Commitments of Traders for the week ending April 2nd showed Managed Money traders net bought 2,427 contracts and are now net long 5,871 contracts. Non-Commercial & Non-Reportable traders added 6,133 contracts to their already long position and are now net long 34,079.

NATURAL GAS: Even though natural gas has periodically managed to rally in what appears to be against definitively bearish fundamental information the overall trend remains down. Perhaps the most bearish issue for

the natural gas market is very high European seasonal adjusted inventories as that has shifted excess supply to Asia which creates competition for prices in the region. Furthermore, Russian gas flow continues to maintain a uniform pace through the Ukraine, the northern hemisphere shoulder season (between winter heating and summer cooling) has begun, and we expect weekly inventory reports to settle into a pattern of injections. The latest COT positioning report showed the noncommercial and nonreportable net long positioning is likely the largest spec long since January of 2023. Natural gas positioning in the Commitments of Traders for the week ending April 2nd showed Managed Money traders were net short 83,182 contracts after decreasing their short position by 2,254 contracts. Non-Commercial & non-reportable traders are net short 96,332 contracts after net selling 3,667 contracts. In conclusion, the path of least resistance remains down unless something very surprising surfaces.

TODAY'S MARKET IDEAS:

While there are signs of potential de-escalation of the fighting in Gaza, peace talks have failed thereby rekindling supply fears. Nonetheless, suggest the Israelis have pulled back some forces from southern Gaza and perhaps that will result in a temporary calm stalling the recent rally. Obviously, in the face of moderating tensions and a significant overbought condition in petroleum markets, prices are vulnerable to corrective action. As indicated in many physical commodity market coverages today, we suggest those with long profits bank profits and/or implement bear put spread protection.

NEW RECOMMENDATIONS:

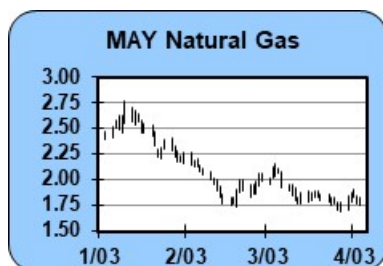
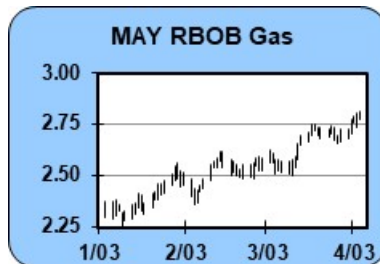
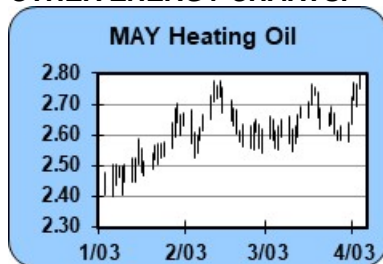
None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 3/26/2024 - 4/2/2024							
	Non-Commercial		Net Position	Commercial		Non-Reportable	
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change	
Energies							
Crude Oil	312,326	+23,672	-346,155	-16,198	33,829	-7,474	
Heating Oil	11,808	+1,357	-34,079	-6,132	22,271	+4,776	
Natural Gas	-119,788	-1,308	96,332	+3,667	23,456	-2,359	
Gas (RBOB)	83,766	+7,998	-96,525	-8,344	12,758	+345	

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) 04/08/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 88.15. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 87.36 and 88.15, while 1st support hits today at 86.06 and below there at 85.54.

HEATING OIL (MAY) 04/08/2024: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 280.98. The next area of resistance is around 277.86 and 280.98, while 1st support hits today at 273.20 and below there at 271.67.

RBOB GAS (MAY) 04/08/2024: The daily stochastics have crossed over down which is a bearish indication. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 274.48. The next area of resistance is around 279.67 and 282.77, while 1st support hits today at 275.53 and below there at 274.48.

NATURAL GAS (MAY) 04/08/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next upside target is 1.850. The next area of resistance is around 1.810 and 1.850, while 1st support hits today at 1.742 and below there at 1.715.

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	86.71	80.67	74.43	87.81	89.13	85.97	83.96	82.30	78.90	77.78
CLAM24	85.86	81.14	74.88	88.27	88.93	85.13	83.22	81.68	78.40	77.36
HOAK24	275.53	69.17	63.19	60.85	74.24	2.74	2.68	2.68	2.65	2.63
HOAM24	274.53	69.50	64.11	66.68	75.35	2.73	2.67	2.66	2.61	2.59
RBAK24	277.60	66.07	64.54	82.58	81.65	2.77	2.73	2.72	2.61	2.56
RBAM24	275.37	73.27	68.99	84.90	85.57	2.75	2.71	2.68	2.57	2.53
NGAK24	1.776	43.45	43.03	42.38	47.13	1.82	1.80	1.81	1.91	2.03
NGAM24	2.000	41.05	41.84	37.69	40.44	2.04	2.03	2.05	2.13	2.23

Calculations based on previous session. Data collected 04/05/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAK24	Crude Oil	85.53	86.05	86.84	87.36	88.15
CLAM24	Crude Oil	84.83	85.25	86.04	86.46	87.25
HOAK24	Heating Oil	271.66	273.20	276.32	277.86	280.98
HOAM24	Heating Oil	271.07	272.40	275.33	276.66	279.59
RBAK24	RBOB Gas	274.47	275.52	278.62	279.67	282.77
RBAM24	RBOB Gas	272.25	273.33	276.32	277.40	280.39
NGAK24	Natural Gas	1.714	1.742	1.782	1.810	1.850

NGAM24	Natural Gas	1.937	1.967	2.001	2.031	2.066
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Calculations based on previous session. Data collected 04/05/2024

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