



## DAILY ENERGY COMPLEX COMMENTARY

Wednesday April 10, 2024

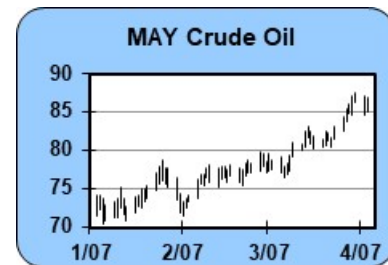
### DAILY ENERGY COMPLEX COMMENTARY

4/10/2024

**Overbought petroleum markets, with the focus on demand today**

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**CRUDE +52, HEATING OIL +154, UNLEADED GAS +101**

**CRUDE OIL MARKET FUNDAMENTALS:** The crude oil market is facing conflicting developments this morning with yesterday's API crude stocks jumping by 3.03 million barrels largely offset by a plethora of bullish views predicting a "tight" global oil market this year. In fact, bullish sentiment overnight flowed from one of the largest hedge funds, from Morgan Stanley who raised their crude price target for the second quarter, chatter that European demand could surprise on the upside, a minimal decline in Mexican production, Spain jet fuel sales in February reaching the highest in two decades, and headlines indicating the world's "biggest oil traders" are getting more bullish by the day! Therefore, However, in addition to the jump in API crude oil stocks, the crude oil was presented with a 2.3% increase in European crude oil inventories on a week over week basis, the Chinese downgrade by Fitch dents demand expectations, Brent ETF holdings were reported to have seeing \$398 million of outflows over the last three quarters and headlines from Bloomberg indicate traders are shifting from long futures to call options with strike prices at and above \$100 per barrel. It is possible that those with substantial long profits decided to bank them and move to the sidelines ahead of what could be a large macroeconomic volatility event following US CPI today. The latest EIA crude oil output forecasts raised US production from last month's forecasted gain of 260,000 barrels per day to an increase in production of 280,000 barrels per day. The latest EIA US 2024 production estimate is 13.21 million barrels per day. While this week's Reuters poll predicts EIA crude oil inventories to increase by only 2.4 million barrels which is not a significant inflow, an inflow would be the third straight week of inflows despite a significant jump in the US refinery operating rate over the last two months. After the close, the API survey said that US crude oil stocks increased by 3.034 million barrels which was a larger increase than trade forecasts. Uptrend channel support in June crude oil today is \$83.64 with a bullish pivot point regained with a trade above \$86.20.



**PRODUCT MARKET FUNDAMENTALS:** Despite API gasoline stocks falling by less than expected gasoline futures are marginally trading higher this morning with minimal support flowing from the crude oil market. However, the bull camp should be comforted by reports of a multi-decade high in Spanish jet fuel consumption as that signals the potential for positive gasoline demand on the European continent. While the May gasoline contract traded within the Monday range yesterday, at times this week gasoline prices were trading nearly \$0.10 below last week's high in a sign of a potential reversal. Even though EIA gasoline inventories have not shown signs of rebuilding in the face of a jump in the refinery operating rate over the last two months, it should be noted the gasoline market shifted from a year over year deficit into a surplus of 5 million barrels over the last two weeks suggesting supply is normalizing without noted weekly inflows. However, this week's Reuters poll predicts EIA gasoline stocks will fall by 1.8 million barrels which would mean that inventories have been down in five of the last six weeks but in that same time frame stocks saw a 2 million barrel annual deficit become a surplus of 5.3 million barrels. This week's Reuters poll projects EIA refinery activity to increase by 0.5% bringing the amount of US refinery capacity idled to only 11% from 15.1% at the beginning of last month. The API survey said that US gasoline stocks had a weekly decline of 609,000 barrels which was a smaller decline than market expectations. We see critical support in May gasoline today at \$2.7240 with an upside pivot point seen with a trade above \$2.7845. It goes without saying that the diesel market has the most bearish fundamental setup with distillate and diesel inventories at the EIA holding surpluses versus year ago levels while implied distillate demand has been below year ago levels in three of the last four weeks! This week's Reuters poll pegs EIA Distillate stocks to fall by

1.2 million barrels while refinery runs to increase 0.5% which will put the activity 89.1% of capacity. The API survey said that US distillate stocks increased by 120,000 barrels which contrasted with trade forecasts for a moderate weekly decline. We see little in the way of solid support in diesel until \$2.6543.

**Weekly EIA Petroleum Estimates - Week Ending 4/5/2024 - In Million Barrels**

	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	2.6	2.2	451.4	3.2
Distillates	-1	-1.4	116.1	-1.3
Gasoline	-1.1	-1.5	227.8	-4.3

**NATURAL GAS:** While the natural gas market flared higher yesterday and posted the highest trade since March 11th, the market failed to hold that range up move giving off signs of a mini blowoff top. The EIA in its April outlook projected 2024 US dry natural gas production to reach 103.58 bcf/day versus the forecast last month of 103.35 bcf/day, but that increased supply was evenly offset by the EIA April forecasts calling for a gain in consumption from 89.92 bcf/day relative to the March forecast demand of 89.68 bcf/day. However, overall, the EIA expects annual US natural production this year will decline while they expect the US to post record demand. We suspect the rally was the result of the restart of the Texas Freeport LNG export facility, but the outage at that facility likely backed up supplies. This week's Reuters poll sees EIA natural gas inventories this week expected within a range of a withdrawal of 9 BCF to an injection of 14 BCF. We leave the edge with the bear camp.

**TODAY'S MARKET IDEAS:**

At least temporarily, the threat against supply disruptions in the Middle East appears to have migrated to a back burner issue, with the focus of the market potentially turning to macroeconomic signals today in the wake of a US CPI report. Obviously, the energy markets are intermediate term overbought and a portion of global energy demand hope is dented by the Chinese economic outlook downgrade and without definitively bullish macroeconomic news following CPI, more corrective action is likely.

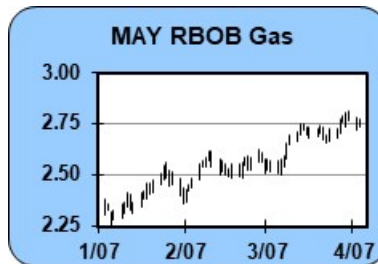
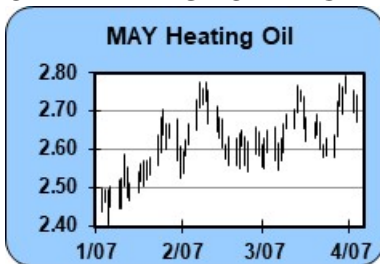
**NEW RECOMMENDATIONS:**

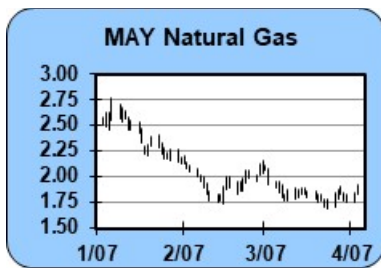
None.

**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) 04/10/2024:** Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 83.80. The next area of resistance is around 86.28 and 87.57, while 1st support hits today at 84.40 and below there at 83.80.

**HEATING OIL (MAY) 04/10/2024:** A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. A crossover down in the daily stochastics is a bearish signal. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The intermediate trend has turned down with the cross over back below the 18-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 262.39. The next area of resistance is around 271.41 and 276.44, while 1st support hits today at 264.39 and below there at 262.39.

**RBOB GAS (MAY) 04/10/2024:** Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is 272.19. The next area of resistance is around 277.94 and 279.67, while 1st support hits today at 274.20 and below there at 272.19.

**NATURAL GAS (MAY) 04/10/2024:** The cross over and close above the 40-day moving average indicates the longer-term trend has turned up. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. 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 near-term upside objective is at 1.972. The next area of resistance is around 1.934 and 1.972, while 1st support hits today at 1.848 and below there at 1.800.

## 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	85.34	64.24	64.97	85.86	81.49	86.32	84.90	83.16	79.47	78.25
CLAM24	84.59	63.44	64.55	85.42	79.96	85.48	84.08	82.49	78.94	77.80
HOAK24	267.90	48.99	51.02	64.40	63.68	2.73	2.69	2.69	2.66	2.64
HOAM24	267.75	50.89	53.04	69.01	66.41	2.72	2.69	2.67	2.62	2.60
RBAK24	276.07	60.15	61.04	77.86	72.03	2.77	2.75	2.73	2.62	2.58
RBAM24	273.44	61.97	62.52	79.42	73.26	2.75	2.72	2.70	2.59	2.55
NGAK24	1.891	57.99	52.17	52.98	65.72	1.82	1.81	1.82	1.90	2.00
NGAM24	2.087	50.81	47.75	45.16	53.06	2.03	2.04	2.05	2.11	2.21

Calculations based on previous session. Data collected 04/09/2024

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	83.79	84.39	85.68	86.28	87.57
CLAM24	Crude Oil	83.10	83.70	84.88	85.48	86.66
HOAK24	Heating Oil	262.38	264.38	269.41	271.41	276.44
HOAM24	Heating Oil	262.80	264.58	269.13	270.91	275.46
RBAK24	RBOB Gas	272.19	274.20	275.93	277.94	279.67
RBAM24	RBOB Gas	269.93	271.66	273.48	275.21	277.03
NGAK24	Natural Gas	1.800	1.848	1.886	1.934	1.972
NGAM24	Natural Gas	2.007	2.050	2.080	2.123	2.153

Calculations based on previous session. Data collected 04/09/2024

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