



DAILY ENERGY COMPLEX COMMENTARY

Thursday April 11, 2024

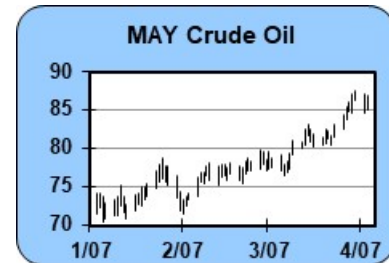
DAILY ENERGY COMPLEX COMMENTARY

4/11/2024

Fear of an a rainy in attack of Israel to support today

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE -44, HEATING OIL -240, UNLEADED GAS +46

CRUDE OIL MARKET FUNDAMENTALS: While crude oil is seeing support this morning from renewed talk of an imminent Iranian retaliation (as per US officials) for the Israeli attack in Syria and the trade overnight saw news that Mexican exports of oil to the US fell to the lowest level of modern trade bullish news will be somewhat countervailed by the jump in US EIA oil inventories yesterday. In fact, overnight European crude oil stocks in March increased by 1.4% and European Product inventories in March also increased. Indirect bearish demand news also surfaced overnight following a precipitously weak Chinese CPI reading and from a Bloomberg study showing Chinese traffic slowed for the first time since February! Yet another drag on the market are reports that Russian oil trading activity appears to be well above levels commensurate with promised production restraint. However, bullish speculative interest continues to elevate in Brent crude calls and lofty price targets have been floated from analysts again overnight. We suspect the slide in crude prices yesterday sparked bargain hunting around \$84.60 in the June crude oil contract, but we think buying support today will be higher at \$85.00. In addition to a much larger than expected inflow to EIA crude oil inventories yesterday, the year-over-year deficit in US crude oil inventories has now dropped by 66% over the last four weeks! EIA crude stocks rose 5.841 million barrels and are 13.291 million barrels below year ago levels. Also, crude stocks stand 9.049 million barrels below the five year average. Crude oil imports for the week stood at 6.434 million barrels per day compared to 6.618 million barrels the previous week. The refinery operating rate was 88.3%, down 0.3% from last week compared to 89.3% last year and the five year average of 85.3%. In the end, bullish sentiment continues to present in the market despite a measure of Chinese energy demand concerns from a precipitous drop in Chinese inflation and a larger than expected inflow of crude oil to EIA inventories. Critical pivot point support today in the June crude oil contract is \$83.86.



PRODUCT MARKET FUNDAMENTALS: With the gasoline market holding up better than the crude oil market yesterday despite what we think is a significantly more overbought spec and fund long positioning, the gasoline trade is clearly capable of discounting bearish issues. In fact, gasoline posted a four-day high overnight despite discouraging Chinese economic news and the first decline in Chinese traffic levels since February. While not a major bearish development, the minimal increase in EIA gasoline stocks this week surprised the trade which was expecting a decline of 1.3 million barrels. EIA gasoline stocks rose 715,000 barrels and are 6.286 million barrels above last year and 6.750 million below the five year average. Average total gasoline demand for the past four weeks was down 2.7% compared to last year. Gasoline imports came in at 730,000 barrels per day compared to 488,000 barrels the previous week. Unfortunately for the bull camp, implied gasoline demand was very disappointing with demand the lowest since the third week of February. Critical support in June gasoline today moves up to \$2.7415 with an upside reversal posted overnight with a trade above \$2.7627. With yesterday's range down failure and six-day low, the diesel market clearly remains the most vulnerable petroleum market. The gasoline market the diesel trade expected a 1.2 million barrel decline in EIA inventories but was surprised with a moderate inflow. EIA distillate stocks rose 1.659 million barrels and stood at 5.283 million barrels above last year and 6.306 million below the five year average. Distillate imports came in at 163,000 barrels per day compared to 104,000 barrels the previous week. Average total distillate demand for the past four weeks was down 8.90% compared to last year. While near-term downside targeting in diesel is \$2.6372 in the June contract and a key

pivot point is seen at the 21 day moving average of \$2.665, renewed strength in crude oil and gasoline should provide support today.

Weekly EIA Petroleum Report					In Million Barrels		
CRUDE OIL	Stocks				Imports	Refinery Capacity(%)	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/5/2024	457.258	+5.841	-13.291	466.307	6.434	88.3	
DISTILLATES	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/5/2024	117.728	+1.659	+5.283	124.034		2.985	
GASOLINE	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/5/2024	228.531	+0.715	+6.286	235.281	0.730	8.612	

NATURAL GAS: While the pattern of higher highs early this week hints at a potential improvement in sentiment toward natural gas, we suggest traders sell an EIA inventory report inspired rally. Expectations from Reuters call for EIA natural gas inventories to post within a range of a nine BCF withdrawal to a 14 BCF injection. In our opinion, with a second injection in the last three weeks today, the June gas contract should be vulnerable to a retest of \$2.00. Certainly, prices are supported from normal maintenance in North Sea production, from an unexpected North Sea outage and from reports of bargain hunting. However, the overhang of supply remains daunting. In fact, Asian LNG prices have continued to rise despite the reversal in US prices over the last 24-hours and the trade thinks that will dampen Asian demand.

TODAY'S MARKET IDEAS:

Despite a surging Dollar and deteriorating Chinese economic sentiment, crude oil and gasoline have shown significant bullish resiliency and dips are likely to remain buying opportunities. In fact, with US officials openly suggesting Iranian retaliation against Israel is likely soon, fears of disrupted supply remain front and center.

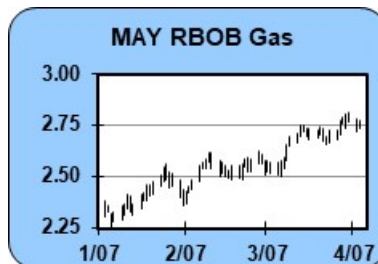
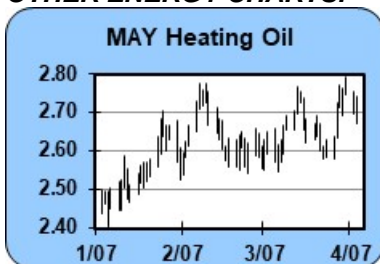
NEW RECOMMENDATIONS:

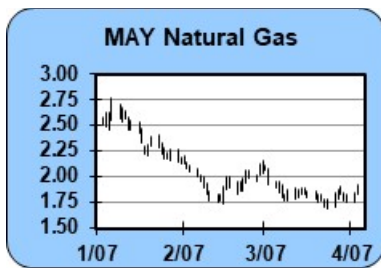
None.

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) 04/11/2024: 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. The upside closing price reversal on the daily chart is somewhat bullish. Market positioning is positive with the close over the 1st swing resistance. The next downside target is now at 84.04. The next area of resistance is around 87.17 and 87.69, while 1st support hits today at 85.35 and below there at 84.04.

HEATING OIL (MAY) 04/11/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The upside daily closing price reversal gives the market a bullish tilt. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is 263.93. The next area of resistance is around 274.77 and 276.40, while 1st support hits today at 268.54 and below there at 263.93.

RBOB GAS (MAY) 04/11/2024: 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. The outside day up is somewhat positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is 270.84. The next area of resistance is around 281.43 and 283.35, while 1st support hits today at 275.18 and below there at 270.84.

NATURAL GAS (MAY) 04/11/2024: The cross over and close above the 40-day moving average is an indication the longer-term trend has turned positive. The upside crossover of the 9 and 18 bar moving average is a positive signal. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 1.964. The next area of resistance is around 1.910 and 1.964, while 1st support hits today at 1.834 and below there at 1.813.

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	86.26	68.27	67.44	84.16	81.10	86.21	85.43	83.46	79.77	78.47
CLAM24	85.49	68.61	67.78	83.67	80.18	85.40	84.61	82.78	79.23	78.01
HOAK24	271.66	55.17	54.87	64.05	63.54	2.72	2.70	2.69	2.66	2.64
HOAM24	271.26	57.12	56.94	68.13	66.37	2.72	2.70	2.68	2.63	2.60
RBAK24	278.31	64.15	63.36	76.07	73.18	2.77	2.76	2.74	2.63	2.58
RBAM24	275.87	66.68	65.27	77.61	74.54	2.75	2.73	2.70	2.60	2.55
NGAK24	1.872	55.82	50.69	56.82	66.33	1.84	1.83	1.82	1.89	1.99
NGAM24	2.061	50.32	47.49	48.97	56.59	2.05	2.05	2.04	2.11	2.19

Calculations based on previous session. Data collected 04/10/2024

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	84.03	85.34	85.86	87.17	87.69
CLAM24	Crude Oil	83.36	84.61	85.11	86.36	86.85
HOAK24	Heating Oil	263.92	268.53	270.16	274.77	276.40
HOAM24	Heating Oil	263.89	268.29	269.82	274.22	275.75
RBAK24	RBOB Gas	270.84	275.18	277.09	281.43	283.35
RBAM24	RBOB Gas	268.93	272.96	274.75	278.78	280.57
NGAK24	Natural Gas	1.812	1.834	1.888	1.910	1.964
NGAM24	Natural Gas	2.009	2.029	2.073	2.093	2.137

Calculations based on previous session. Data collected 04/10/2024

Data sources can & do produce bad ticks. Verify before use.

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.