



DAILY ENERGY COMPLEX COMMENTARY

Tuesday April 16, 2024

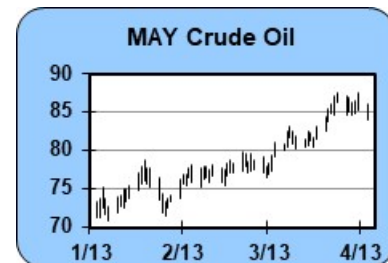
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4/16/2024

Fear of an Israeli retaliation not supporting prices today

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -14, HEATING OIL -56, UNLEADED GAS +2

CRUDE OIL MARKET FUNDAMENTALS: The impact of a looming Israeli retaliation against Iran is sending mixed signals to the crude oil market with some experts suggesting the retaliation will be limited in scope while others think that serious escalation is inevitable with each party only satisfied with their action being the last in the cycle of retaliation. The markets are also seeing mixed fundamental news from China with very strong January through March refinery runs and March throughout reaching 2.4% above year ago levels. However, that news is offset by reports that Chinese March crude oil production reached the highest levels since June 2015. It should be noted that the US House voted to sanction Chinese purchases of Iranian oil in a move that should be a temporary supply threat. Yet another bullish issue is the prospect of further damage to Russian oil infrastructure with Ukrainian drone attacks seriously disrupting the Russian oil industry. However, with Russia unable to process quantities of crude oil there is the chance that crude oil will be pushed onto the global market at a brisk pace. In a minimal and longer-term bearish development, the Biden administration has indicated they will likely utilize strategic reserves to battle high summer pump prices. While many traders expected Israel to bide time to utilize the element of surprise, we doubt Israel will be dissuaded by the international community from striking back. However, bullish sentiment in the markets remains very high with fresh projections of \$100 per barrel oil populating the press headlines and call options remaining very expensive. Looking ahead with the potential of Israeli attacks on Iran and perhaps on Iranian oil facilities, the trade should remain on edge as Iran is currently exporting roughly 1.5 million barrels per day which according to some sources amounts to 1.5% of total global supply. However, the trade is aware that Iran is attempting to raise exports and has dramatically increased supply in offshore floating storage. We see crude oil prices exhibiting corrective action in the coming 24 hours as EIA crude oil inventories look to build again (which would be the 4th straight week), and because Chinese energy demand concerns resurfaced overnight following a sweep of soft Chinese economic data. A normal retracement of the April rally resulted in a test of the 50% pullback price of \$83.48 yesterday while a retracement of the March through early April rally offers a retracement of \$82.80 in the June crude oil contract.



PRODUCT MARKET FUNDAMENTALS: In addition to the gasoline market holding a massive net spec and fund long position, the trade over the prior two sessions has seen aggressive two-sided trade which ultimately favored the bear camp. In fact, with June gasoline into the Friday high trading nine cents above the level where the COT positioning report was measured that probably results in the net spec and long reaching the highest level since February 2020. In other words, bullish sentiment in gasoline has reached the highest levels since before the pandemic lockdown! Another bearish overnight development is news from the Biden administration indicating they will tap the strategic reserve this summer to hold down pump prices. Once again, the US strategic reserve is seen as a source to hold down prices instead of a reserve for national emergencies. However, the election looms and votes are more important than national security. Critical support in June gasoline is \$2.6917 and then again down at \$2.6807. With the diesel market holding the most bearish fundamental set up of the petroleum markets, the sharp range down yesterday was justified and is likely to extend. In fact, with the US refinery operating rate rising consistently over the last five weeks we suspect distillate and diesel inventories will build this week. Near-term downside targeting in June diesel is now \$2.6062.

NATURAL GAS: We suspect June natural gas is poised to make new contract lows as we see shoulder season temperatures resulting in US and European inventories rebuilding aggressively and that in turn could bring about a final capitulation of natural gas prices. Adding into the bearish bias is a week over week 11% increase in LNG on global floating storage. Unfortunately for the bull camp the net spec and fund short position in natural gas remains well below levels we suggest would present a "mostly liquidated" market. Adding into the negative bias is news yesterday that a portion of the Freeport LNG export facility is still "off-line" for the fifth day in a row! Furthermore, the press is reporting the Freeport export facility is processing only 5% of its capacity which should backup supply in the US.

TODAY'S MARKET IDEAS:

Seeing crude oil prices open slightly lower on Monday after a major weekend escalation of tensions in the Middle East, suggests the trade is not as concerned about sustained Middle East supply disruptions as was present at the end of last week. Since we expect Israel to plan a retaliation against Iran and will let time pass to benefit from surprise, the markets might establish sideways to lower consolidation action today.

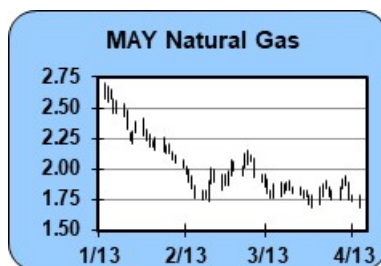
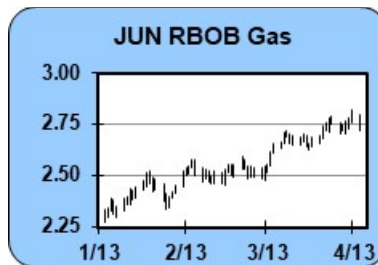
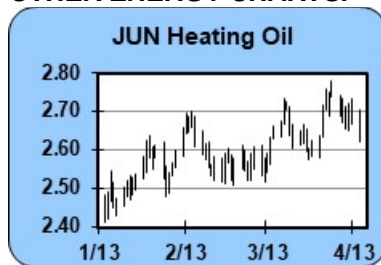
NEW RECOMMENDATIONS:

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 (JUN) 04/16/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 82.79. The next area of resistance is around 86.10 and 86.80, while 1st support hits today at 84.10 and below there at 82.79.

HEATING OIL (JUN) 04/16/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 257.55. The next area of resistance is around 270.64 and 275.07, while 1st support hits today at 261.88 and below there at 257.55.

RBOB GAS (JUN) 04/16/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. 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 now at 268.45. The next area of resistance is around 280.30 and 283.84, while 1st support hits today at 272.61 and below there at 268.45.

NATURAL GAS (JUN) 04/16/2024: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. The daily stochastics gave a bearish indicator with a crossover down. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day down is somewhat negative. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 1.846. The next area of resistance is around 2.001 and 2.087, while 1st support hits today at 1.881 and below there at 1.846.

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										
CLAM24	85.10	62.93	64.00	77.06	73.96	85.02	85.18	83.38	79.93	78.62
CLAN24	84.44	64.32	64.98	77.45	74.72	84.31	84.39	82.65	79.31	78.08
HOAM24	266.26	47.75	50.59	58.00	51.25	2.68	2.70	2.67	2.63	2.61
HOAN24	266.56	49.19	51.95	61.04	54.73	2.68	2.70	2.66	2.62	2.60
RBAM24	276.46	64.29	64.04	74.58	72.58	2.76	2.75	2.72	2.62	2.57
RBAN24	272.27	62.67	63.37	75.06	72.29	2.72	2.71	2.67	2.58	2.53
NGAM24	1.941	36.07	39.05	45.21	35.57	2.01	2.03	2.03	2.09	2.16
NGAN24	2.268	36.16	39.96	40.31	30.15	2.33	2.35	2.35	2.38	2.41

Calculations based on previous session. Data collected 04/15/2024

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						
CLAM24	Crude Oil	82.78	84.09	84.79	86.10	86.80
CLAN24	Crude Oil	82.22	83.48	84.14	85.40	86.06
HOAM24	Heating Oil	257.55	261.88	266.31	270.64	275.07
HOAN24	Heating Oil	258.37	262.50	266.47	270.60	274.57
RBAM24	RBOB Gas	268.44	272.60	276.14	280.30	283.84
RBAN24	RBOB Gas	264.65	268.58	272.04	275.96	279.42
NGAM24	Natural Gas	1.845	1.880	1.966	2.001	2.087
NGAN24	Natural Gas	2.181	2.213	2.291	2.323	2.401

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