



DAILY ENERGY COMPLEX COMMENTARY

Wednesday April 17, 2024

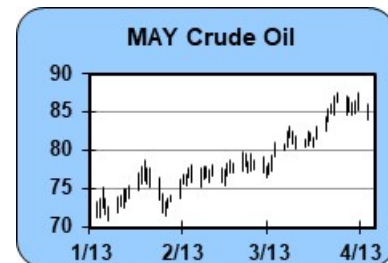
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4/17/2024

Fear of an Israeli retaliation discouraging sellers

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -33, HEATING OIL -3, UNLEADED GAS -177

CRUDE OIL MARKET FUNDAMENTALS: While the crude oil market has managed to discount a much larger than expected jump in API crude oil stocks of 4.09 million barrels yesterday afternoon, a surging Dollar, persistent weakness in equities and ongoing hawkish US Federal Reserve dialogue should leave energy prices under modest pressure. In fact, short-term technical signals like stochastics and RSI are in sell modes despite the potential an explosive recovery out of nowhere from any launch of an Israeli attack of Iran assets. While the US Treasury Secretary suggested sanctions against Iran were possible and with Congressional leaders considering sanctions, there is a fresh supply supportive theme in the markets. However, political analysts suggest the Biden Administration will not block Iranian oil exports as that would push up US retail pump prices even further. According to some sources, Iran has increased his daily production by 20% over the last two years and has raised its global supply share to 3.3% from 1.5% in 2022 which means Iranian supply is very important to the global oil market. On the other hand, Iranian exports are reported to be 1.5 million barrels per day and with sanctions proving largely ineffective against Russia, supply shocks from US sanctions are unlikely to discourage China from buying Iranian oil. In fact, China imported a record amount of oil last year and given the strained relations with the US and the surging US dollar, China is simply hoping US sanctions would prompt Iran to offer them deep discounts as were seen from Russia! In a longer-term bullish story, German 2023 oil production declined by 5.9% and gas output fell by 10.4% in what is very likely the result of the Green Movement. This week's Reuters poll projects EIA crude oil inventories to increase by a mere 400,000 barrels. After the close, however, the weekly API survey said that US crude oil stocks had a weekly increase of 4.09 million barrels which was a much larger increase than trade forecasts. With the rejection of the sub \$84.00 Monday in June crude oil, the market may have found consolidation support/value on the charts, especially with Brent crude oil calls on Monday trading a fresh record amount of 350,000 contracts. In another sign of wild bullish sentiment in the marketplace, the \$250 Brent crude oil calls saw 3,000 contracts purchased yesterday. For now, a continued chop between \$84.00 and \$86.00 could serve to moderate overbought short-term technical indicators and set the foundation for higher highs "when" Israel retaliates.



PRODUCT MARKET FUNDAMENTALS: As indicated in crude oil coverage today, we see recent sideways consolidation action (between \$2.70 and \$2.80 in RBOB) as a technical balancing pattern. However, gasoline is vulnerable to signs of disappointing seasonal implied gasoline demand readings today which last week fell to the lowest level since the second week of February. In fact, weekly implied gasoline demand has been below year ago levels since the first week of March. This week's Reuters poll projects EIA gasoline inventories to decline by 1 million barrels and expects the US refinery operating rate to increase by 0.6%. The API survey said that US gasoline stocks had a weekly decline of 2.51 million barrels which was a much larger decline than market expectations. Uptrend channel support in June gasoline today is \$2.7345 with the top of the uptrend channel at \$2.84. Unlike crude oil and gasoline, the diesel market has failed to consolidate and instead has eroded and at times this week has traded \$0.17 below the April highs. Despite very minimal weekly distillate and diesel inventory stock changes over the past three months, both distillate and diesel inventories hold year-over-year surpluses of more than 5.2 million barrels. This week's Reuters poll projects EIA distillate stocks to increase by 100,000 barrels. The API survey said that US distillate stocks had a weekly decline of 427,000 barrels which contrasted

with trade forecasts calling for a modest weekly increase. Uptrend channel support today in June diesel is \$2.6270.

Weekly EIA Petroleum Estimates - Week Ending 4/12/2024 - In Million Barrels				
	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	0.6	0.2	457.3	5.8
Distillates	0.3	-0.1	117.7	1.7
Gasoline	-0.8	-1.2	228.5	0.7

NATURAL GAS: With estimates calling for moderate injections into this week's EIA storage, the shoulder season virtually ending heating demand and fresh damage on the charts, the bear camp retains control. Obviously, significant declines ahead could result in an aggressively oversold net spec and fund short position, but without US gas exports returning to capacity flow, supply in the US is likely to remain a heavy burden on prices. This week's Reuters poll projects EIA natural gas in storage to increase from 44 BCF to 56 BCF. The last COT positioning report in natural gas showed a net spec and fund short of only 107,064 contracts compared to a high of 147,000 contracts 14 months ago!

TODAY'S MARKET IDEAS:

As indicated already, we see the recent sideways consolidation/chop in crude oil and gasoline as a technical balancing effort which should lay the foundation for higher highs ahead. Obviously, the markets are waiting for the Israeli retaliation against Iran and potentially waiting for the US to sanction Iran. While we favor the bull case, traders should utilize range trading signals with a breakout in crude oil from a \$84.00/\$85.00 range and a breakout of a \$2.70/\$2.80 range in gasoline potential short term trend signals.

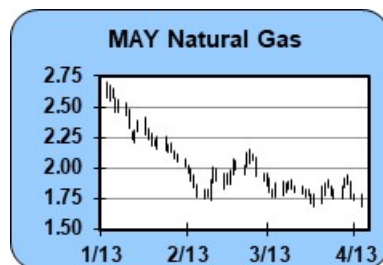
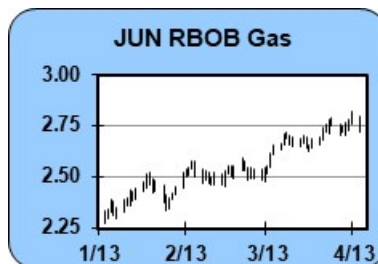
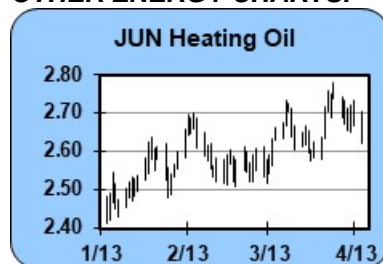
NEW RECOMMENDATIONS:

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) 04/17/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close below the 9-day moving average is a negative short-term indicator for trend. The market could take on a defensive posture with the daily closing price reversal down. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 83.46. The next area of resistance is around 85.46 and 86.22, while 1st support hits today at 84.08 and below there at 83.46.

HEATING OIL (JUN) 04/17/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 261.09. The next area of resistance is around 268.35 and 270.52, while 1st support hits today at 263.63 and below there at 261.09.

RBOB GAS (JUN) 04/17/2024: The daily stochastics have crossed over up which is a bullish indication. 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 281.89. The next area of resistance is around 280.60 and 281.89, while 1st support hits today at 276.68 and below there at 274.04.

NATURAL GAS (JUN) 04/17/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 1.840. The next area of resistance is around 2.050 and 2.117, while 1st support hits today at 1.912 and below there at 1.840.

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	84.77	59.82	62.05	74.90	71.36	84.79	85.17	83.59	80.11	78.81
CLAN24	84.16	61.58	63.28	75.51	72.43	84.13	84.40	82.86	79.49	78.27
HOAM24	265.99	46.91	50.02	54.16	46.98	2.67	2.70	2.67	2.63	2.62
HOAN24	266.36	48.68	51.58	57.58	51.12	2.67	2.69	2.67	2.62	2.60
RBAM24	278.64	67.79	66.12	74.46	74.82	2.77	2.76	2.72	2.62	2.58
RBAN24	273.93	66.95	65.88	74.86	74.47	2.73	2.72	2.68	2.58	2.54
NGAM24	1.981	42.35	42.85	41.96	34.93	1.99	2.02	2.03	2.09	2.15
NGAN24	2.315	44.05	44.70	37.79	32.04	2.31	2.34	2.35	2.37	2.41

Calculations based on previous session. Data collected 04/16/2024
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	83.46	84.08	84.84	85.46	86.22
CLAN24	Crude Oil	82.93	83.52	84.21	84.80	85.49
HOAM24	Heating Oil	261.09	263.63	265.81	268.35	270.52
HOAN24	Heating Oil	261.88	264.21	266.18	268.51	270.48
RBAM24	RBOB Gas	274.03	276.67	277.96	280.60	281.89

RBAN24	RBOB Gas	269.96	272.22	273.37	275.63	276.78
NGAM24	Natural Gas	1.839	1.911	1.978	2.050	2.117
NGAN24	Natural Gas	2.184	2.251	2.312	2.379	2.440

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