



DAILY ENERGY COMPLEX COMMENTARY

Thursday April 18, 2024

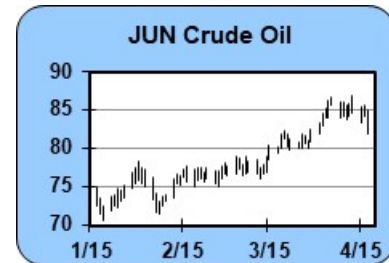
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4/18/2024

Fear of an Israeli retaliation is not discouraging sellers

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE -80, HEATING OIL -381, UNLEADED GAS -273

CRUDE OIL MARKET FUNDAMENTALS: In addition to technical stop loss selling from a chain of chart support point violations, the energy markets have suddenly embraced concerns of slackening global demand. In addition to soft US implied gasoline demand readings, the markets know half of West African May crude oil cargoes are still on offer with buyers apparently looking for lower prices. Fortunately for the bull camp, Indian crude oil imports have remained steady versus year ago strong import totals and China saw strong first quarter imports as they filled out storage. Yet another bearish demand signal came from the IEA which seems to have tempered their short term energy demand outlook. Furthermore, EIA crude oil inventories posted the highest levels in over a year and some traders decided to temporarily stand aside thinking Israel would bide their time before retaliating. However, there are unsubstantiated rumors that Israel is considering a precision strike against Iran's Kharg Island which has 14 tanker berths, and 41 crude oil storage tanks with a capacity of 24.5 million barrels. Some suggest that because the Biden Administration and parts of US congressional factions have turned against Israel, the Israelis could threaten the US with an explosion in US pump prices into the election which would likely result from a direct attack on one of the world's largest oil terminals! EIA crude stocks rose 2.735 million barrels and are 5.975 million barrels below year ago levels. Also, crude stocks stand 6.186 million barrels below the five-year average. Crude oil imports for the week stood at 6.461 million barrels per day compared to 6.434 million barrels the previous week. The refinery operating rate was 88.1%, down 0.2% from last week compared to 91.0% last year and the five-year average of 84.8%. While a negative macro environment could add to yesterday's significant chart damage today, the market could reverse course at any second and post a gain of more than four dollars if the next move by Israel directly threatens Iranian oil exports. From a classic technical perspective, the failure to hold \$82.00 in June crude oil opens the market to a retest of \$80.00. Given the prospect for significant volatility, we suggest position players purchase July crude oil bull call spreads with a narrow range between strike prices. In retrospect, record trading volume Monday in Brent crude oil options combined with rumors of a 3,000-lot purchase of \$250 Brent crude oil calls highlights a temporary overzealous bullish marketplace and corrective action could be very significant. Therefore, if the correction continues, the short call of a bull call spread should fall sharply, potentially allowing for a profit which in turn could defray some of the cost of the long call!



PRODUCT MARKET FUNDAMENTALS: As in the crude oil market, the gasoline market rolled over hard and has extended the sharp slide this morning as a tide of selling likely triggering layers of sell stops, some of which might have been profit stops. Unfortunately for the bull camp weakness in gasoline is likely to extend with the trade focusing on disappointing demand signals from the EIA implied demand readings yesterday. However, EIA gasoline inventories are the lowest since late December and are nearly 9 million barrels below five-year average storage levels. Seeing gasoline inventories remaining tight despite a significant jump in the refinery operating rate over the last two months would seem to suggest demand is better than current statistics are registering. In other words, with US production ramping up and with demand soft, product supplies should be rapidly building! EIA gasoline stocks fell 1.154 million barrels and are 3.833 million barrels above last year and 8.821 million below the five-year average. Average total gasoline demand for the past four weeks was down 1.9% compared to last year. Gasoline imports came in at 709,000 barrels per day compared to 730,000 barrels the previous week. Unfortunately for the bull camp, the \$0.10 plus April trading range and the overbought spec and fund position

could result in a quick dip to the next key support level at \$2.65 in the June gasoline contract. Even though the diesel market is trading nearly \$0.28 below the early April high into the opening today, the market does not appear the market has found value yet. Near-term downside targeting in June diesel is now \$2.525. EIA distillate stocks fell 2.760 million barrels and stand at 2.878 million barrels above last year and 9.229 million below the five-year average. Distillate imports came in at 149,000 barrels per day compared to 163,000 barrels the previous week. Average total distillate demand for the past four weeks was down 8.44% compared to last year.

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
4/12/2024	459.993	+2.735	-5.975	466.179	6.461	88.1	
DISTILLATES	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/12/2024	114.968	-2.760	+2.878	124.197		3.666	
GASOLINE	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/12/2024	227.377	-1.154	+3.833	236.198	0.709	8.662	

NATURAL GAS: Even though the natural gas market has not tracked petroleum prices recently, the definitive washout in crude oil, gasoline, and diesel prices combined with deteriorating global macro sentiment should leave the bear camp in control. In fact, expectations for this week's EIA gas in storage report this morning call for an injection as large as 56 BCF and noted builds are likely to entrench before cooling demand picks up. Bearish sentiment is so entrenched that the natural gas market yesterday discounted reports that German natural gas production would decline by more than 10% this year because of the push to use Green energy! Downtrend channel selling resistance in June natural gas today is \$2.02 with a closer more aggressive short sale price pegged at \$1.999.

TODAY'S MARKET IDEAS:

While we concede to an ongoing near-term corrective tilt, the risk and reward of getting short after this week's massive break and in the face of a potential Israeli attack of Iranian oil infrastructure is extremely unattractive! In fact, the mere rumors that Israel may attack Iran's largest oil export terminal could result in WTI prices rocketing toward \$100.

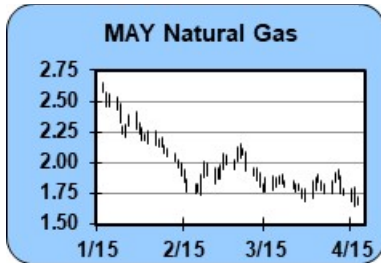
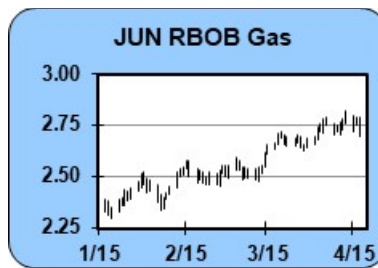
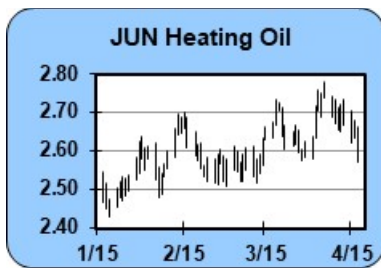
NEW RECOMMENDATIONS:

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) 04/18/2024: Momentum studies trending lower at mid-range should accelerate a move lower 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 close below the 2nd swing support number puts the market on the defensive. The next downside target is 79.98. The next area of resistance is around 83.86 and 85.89, while 1st support hits today at 80.90 and below there at 79.98.

HEATING OIL (JUN) 04/18/2024: The major trend has turned down with the cross over back below the 60-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is 250.66. The next area of resistance is around 263.10 and 269.47, while 1st support hits today at 253.70 and below there at 250.66.

RBOB GAS (JUN) 04/18/2024: 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 close below the 18-day moving average is an indication the intermediate-term trend has turned down. The close below the 2nd swing support number puts the market on the defensive. The next downside target is now at 262.60. The next area of resistance is around 275.41 and 282.19, while 1st support hits today at 265.61 and below there at 262.60.

NATURAL GAS (JUN) 04/18/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 1.894. The next area of resistance is around 1.997 and 2.017, while 1st support hits today at 1.935 and below there at 1.894.

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
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ENERGY COMPLEX

CLAM24	82.38	41.25	49.35	69.09	57.26	84.29	84.79	83.69	80.25	78.95
CLAN24	81.87	42.13	50.09	69.98	58.71	83.67	84.07	82.96	79.62	78.40
HOAM24	258.40	35.06	41.72	47.19	33.26	2.65	2.68	2.67	2.63	2.62
HOAN24	258.94	35.55	42.35	50.37	35.95	2.65	2.68	2.66	2.62	2.60
RBAM24	270.51	46.00	51.85	70.61	62.34	2.76	2.75	2.72	2.63	2.58
RBAN24	266.07	44.03	50.65	70.21	60.44	2.71	2.71	2.68	2.58	2.54
NGAM24	1.966	40.79	41.89	39.03	32.47	1.98	2.01	2.02	2.09	2.15
NGAN24	2.300	41.56	43.13	35.47	29.89	2.31	2.34	2.35	2.37	2.41

Calculations based on previous session. Data collected 04/17/2024

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	79.97	80.90	82.93	83.86	85.89
CLAN24	Crude Oil	79.53	80.43	82.40	83.30	85.27
HOAM24	Heating Oil	250.65	253.69	260.06	263.10	269.47
HOAN24	Heating Oil	251.51	254.38	260.62	263.49	269.73
RBAM24	RBOB Gas	262.59	265.61	272.39	275.41	282.19
RBAN24	RBOB Gas	258.58	261.41	267.89	270.72	277.20
NGAM24	Natural Gas	1.893	1.935	1.955	1.997	2.017
NGAN24	Natural Gas	2.239	2.273	2.292	2.325	2.344

Calculations based on previous session. Data collected 04/17/2024

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