



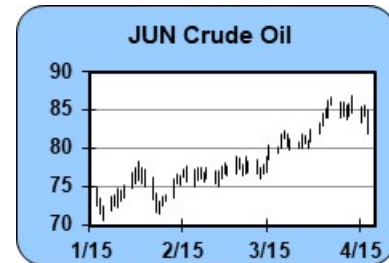
DAILY ENERGY COMPLEX COMMENTARY Friday April 19, 2024

DAILY ENERGY COMPLEX COMMENTARY 4/19/2024

After Israeli retaliation expect ranges to narrow

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE -66, HEATING OIL -110, UNLEADED GAS -237**

CRUDE OIL MARKET FUNDAMENTALS: While the retaliatory strike by Israel on Iran initially prompted a massive spike up move in the crude oil market, ideas that military exchanges will pause, emboldens the bear camp, and leaves the bull camp anxious. Nonetheless, aggressive bullish sentiment remains in the marketplace with Goldman Sachs overnight adjusting its Brent crude oil price forecasts higher for this year and next. Another bullish headline this morning is projections that Saudi Arabia needs prices near \$100 to offset the financial blow from their decision to reduce/restraint production. In retrospect, the sharp washout from this week's highs in crude oil was very surprising especially given the lingering potential for fireworks between Iran and Israel. However, the trade has embraced softening energy demand views this week and repeatedly failed at chart support points which in turn probably triggered waves of stop loss selling. Even though the talk in the trade suggested this week's washout/setback was based on fresh energy demand concerns, statistics from the product markets conflict with that reasoning. In other words, the US refinery operating rate has returned to the vicinity of 90% and yet gasoline, distillate, and diesel inventories have not been rebuilt. In fact, US gasoline inventories have fallen to the lowest level since December 22nd and this week's Amsterdam, Rotterdam and Antwerp gasoline inventories declined by 13%. On the other hand, traders noted only half of West African May crude cargoes have sold potentially indicating softer demand. However, high prices might have discouraged buyers for deliveries next month and the correction of nearly \$6.00 per barrel probably sparks some bargain hunting buying. We see volatility moderating today and we see initial support in June crude oil today at \$81.06 with the failure to hold that level potentially targeting a decline to \$80.



PRODUCT MARKET FUNDAMENTALS: As we have indicated several times this week, the fear of slackening energy demand certainly fostered some of the liquidation this week, but with the market recently driven by the potential for severe crude oil supply disruption, demand fear took a backseat. However, a narrow Israeli strike overnight has prompted a buy the rumor/sell the fact reaction giving the bear camp initial control today. On the other hand, weekly US and ARA gasoline inventories continued to tighten especially with European gasoline inventories dropping 13% this week. The gasoline market was easily the most overbought petroleum market, but it is also capable of the largest correction given it was the most overbought. A critical pivot is seen at yesterday's spike low reversal level of \$2.6635 in June RBOB while a trade back above \$2.72 could ignite a strong finish to the week.

NATURAL GAS: With a second week of a noted injection to EIA working gas in storage, Middle East supply threats in petroleum moderating and the surplus to the five-year average in natural gas storage remaining high, the bear case remains solid. In fact, mild temperatures and several weather fronts forecast over the coming week, we doubt the bull camp will be blessed with early cooling demand. The weekly natural gas storage report showed an injection of 50 bcf. Total storage stands at 2,333 bcf or 36.4% above the 5 year average. Over the last four weeks natural gas storage has increased 1 bcf.

EIA Natural Gas Storage Report Summary

In Billion Cubic Feet

Week Of	Week Change	Total Storage	Change From Last Year	4 Week Combined Weekly Change	Percent Change vs 5 Year Average	Percent Change vs 10 Year Average
4/12/2024	50	2333	424	1	36.4%	

TODAY'S MARKET IDEAS:

Certainly, surging demand concerns and severely overbought technical conditions justified a portion of this week's correction which was likely exaggerated by waves of stop loss selling. However, as indicated already it is unwise from a risk and reward perspective to press the short side of petroleum prices after this washout and in the face of "who knows what is next" in the Middle East! Certainly, surging demand concerns and severely overbought technical conditions at the recent highs justified a portion of this week's large correction which was likely exaggerated by waves of stop loss selling. However, as indicated already it is unwise from a risk and reward perspective to press the short side of petroleum prices after this week's large washout and in the face of "who knows what is next" in the Middle East! We now expect volatility to moderate temporarily but leave the edge with the bear camp!

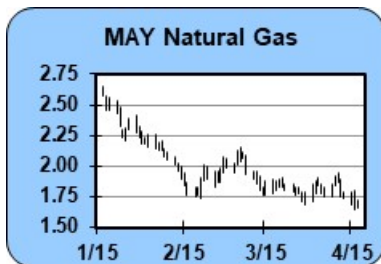
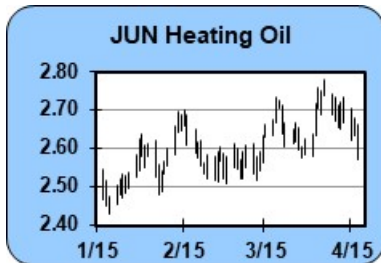
NEW RECOMMENDATIONS:

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) 04/19/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. 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 objective is now at 80.16. The next area of resistance is around 82.81 and 83.71, while 1st support hits today at 81.03 and

below there at 80.16.

HEATING OIL (JUN) 04/19/2024: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies are declining, but have fallen to oversold levels. 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 objective is now at 249.26. The next area of resistance is around 256.54 and 260.78, while 1st support hits today at 250.78 and below there at 249.26.

RBOB GAS (JUN) 04/19/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day 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 263.17. The next area of resistance is around 270.00 and 273.18, while 1st support hits today at 265.00 and below there at 263.17.

NATURAL GAS (JUN) 04/19/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 1.939. The next area of resistance is around 1.992 and 2.018, while 1st support hits today at 1.953 and below there at 1.939.

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	81.92	38.79	47.41	60.24	43.33	83.44	84.30	83.77	80.36	79.08
CLAN24	81.30	38.89	47.54	60.91	43.67	82.83	83.61	83.04	79.72	78.52
HOAM24	253.66	30.23	37.90	38.57	21.66	2.61	2.65	2.66	2.62	2.62
HOAN24	254.53	31.09	38.81	41.58	24.01	2.62	2.66	2.66	2.61	2.60
RBAM24	267.50	40.83	47.90	62.13	45.86	2.73	2.74	2.72	2.63	2.59
RBAN24	263.14	41.39	48.64	62.25	46.32	2.69	2.70	2.68	2.59	2.55
NGAM24	1.973	42.27	42.74	36.16	30.82	1.97	2.01	2.02	2.08	2.14
NGAN24	2.300	44.56	44.92	33.80	30.46	2.30	2.33	2.34	2.38	2.40

Calculations based on previous session. Data collected 04/18/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAM24	Crude Oil	80.15	81.03	81.93	82.81	83.71
CLAN24	Crude Oil	79.77	80.50	81.36	82.09	82.95
HOAM24	Heating Oil	249.26	250.78	255.02	256.54	260.78
HOAN24	Heating Oil	250.34	251.80	255.79	257.25	261.24
RBAM24	RBOB Gas	263.16	264.99	268.17	270.00	273.18
RBAN24	RBOB Gas	259.26	260.86	263.83	265.43	268.40
NGAM24	Natural Gas	1.938	1.952	1.978	1.992	2.018
NGAN24	Natural Gas	2.269	2.282	2.305	2.318	2.341

Calculations based on previous session. Data collected 04/18/2024

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