



DAILY ENERGY COMPLEX COMMENTARY

Tuesday April 23, 2024

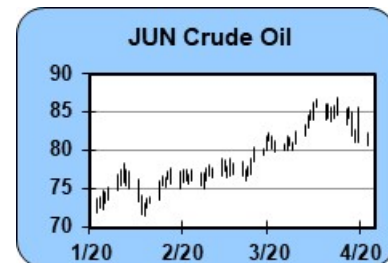
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4/23/2024

An uneasy calm in the Middle East = temporary bearish control

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE -31, HEATING OIL -146, UNLEADED GAS -187

CRUDE OIL MARKET FUNDAMENTALS: In our opinion, the initial Israeli attack in Syria at the end of last month resulted in a war premium of nearly \$9.00 and therefore we see the prospect of a retrenchment below \$80.00. However, according to Bloomberg crude oil had a \$25 war premium in place which could project prices down to \$75 if supply fears from the Middle East continue to deflate. Fortunately for the bull camp, a private energy consulting firm yesterday suggested global floating storage of crude oil declined by 18% over last week and there appears to be improved macroeconomic sentiment this week emanating from a recovery in equity markets and from mostly positive euro zone PMI data overnight. Nonetheless, the trade continues to be concerned about softening energy demand which until recently was being fully offset by concerns of Iran retaliating against Israel. However, concern toward Middle East supply has moderated because ideas that Iran did not respond aggressively to the latest attacks with threatening statements. This week's Reuters poll pegs EIA crude oil inventories to increase by 1.8 million barrels and for the refinery runs to increase by 0.5%. Another weekly inflow to EIA crude oil inventories would be the fifth straight weekly increase with the year-over-year deficit narrowed from 36.1 million barrels (from March 15th) to less than 6 million barrels. Fortunately for the bull camp, spec long positioning adjusted for the \$4.00 per barrel slide from the last COT positioning report, has likely fallen back below the midpoint of the last 16 months range. A minimal and unconfirmed support for the market is chatter from India suggesting commercial middlemen are likely to be buyers on ongoing price weakness. Another minimally positive development came from UBS predicting Brent crude oil will trade \$91 per barrel by midyear. Uptrend channel support in crude oil is \$78.98 with a trade and close back above \$83.01 potentially signaling an interim bottom.



PRODUCT MARKET FUNDAMENTALS: The gasoline market suffered less dramatic losses than expected yesterday, especially given its severely overbought net spec and fund long positioning. However, while the net spec and fund long position has been brought down with the \$0.155 slide from the COT positioning report, we think the market has further stop loss selling capacity. Furthermore, reports of significant European gasoline shipments to the US is a potential force capable of sending June gasoline prices below \$2.60 if the shipments continue and seasonal demand is slow to pick-up. In a potential longer-term bearish product development Iraq has indicated they intend to raise refinery activity to convert 40% of their raw crude oil into products and that will clearly add to global refinery capacity. In fact, the acute shortage of global refinery capacity from decades of falling or level has been mitigated by increased Chinese and Mexican refinery capacity. Uptrend channel support in June gasoline was tested yesterday at \$2.6407 with that uptrend channel support line today increasing to \$2.6465 but that chart support level was violated in the early trade. In conclusion, without a positive close in gasoline today near-term downside targeting becomes \$2.6297.

NATURAL GAS: With China announcing their imports of coal from Russia declined by 21% last month that could increase natural gas demand from increase Chinese electric generation. Furthermore, the Freeport export facility has returned to near capacity levels which increases US supply flow out of the country and might slow normal seasonal rebuilding of inventories until cooling demand becomes material. However, it is unlikely the Freeport

export facility will pull down excess supply in the US especially with that facility having a track record of periodic downtime. Another minor support for gas prices today came from a noted extension of a Norwegian outage. A limiting force for natural gas is a 5% increase in Chinese natural gas production in the first quarter of this year! With natural gas regaining a key downtrend channel resistance line with yesterday's rally and adding to that strength overnight, follow-through above \$2.10 is not out of the equation.

TODAY'S MARKET IDEAS:

We leave the path of least resistance pointing down in the petroleum markets with the dominating supply threat from the Middle East temporarily moderated. However, threats against Middle East supply flow can return without notice, especially with tensions between Israel and Iran recently at the boiling point. On the other hand, seeing the markets rekindle demand concerns, general calm in the Middle East and severe chart damage over the last several sessions, the path of least resistance is down.

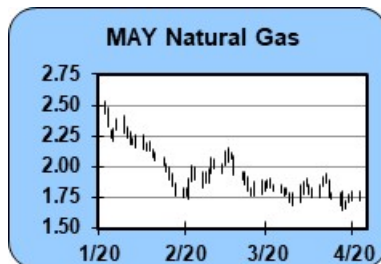
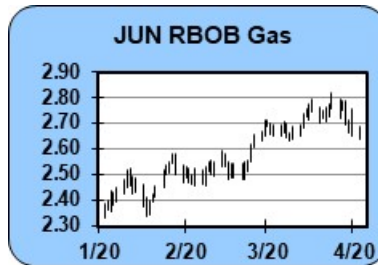
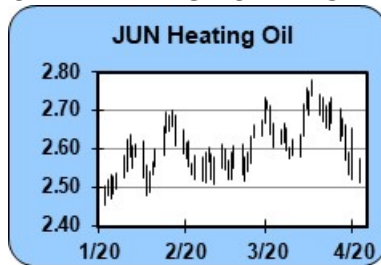
NEW RECOMMENDATIONS:

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) 04/23/2024: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. 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's close below the pivot swing number is a mildly negative setup. The next downside objective is 80.20. The next area of resistance is around 82.87 and 83.37, while 1st support hits today at 81.29 and below there at 80.20.

HEATING OIL (JUN) 04/23/2024: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal

up is a positive indicator that could support higher prices. The close over the pivot swing is a somewhat positive setup. The next downside objective is now at 249.57. The next area of resistance is around 260.45 and 262.12, while 1st support hits today at 254.18 and below there at 249.57.

RBOB GAS (JUN) 04/23/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 261.77. The next area of resistance is around 268.86 and 271.16, while 1st support hits today at 264.17 and below there at 261.77.

NATURAL GAS (JUN) 04/23/2024: The daily stochastics have crossed over up which is a bullish indication. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend could be turning up with the close back above the 18-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 2.144. The next area of resistance is around 2.115 and 2.144, while 1st support hits today at 2.010 and below there at 1.933.

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	82.08	39.92	48.08	45.57	31.65	82.14	83.69	83.89	80.62	79.29
CLAN24	81.38	38.14	46.94	45.45	30.34	81.48	83.02	83.14	79.97	78.73
HOAM24	257.32	36.81	41.64	27.30	18.70	2.56	2.62	2.65	2.62	2.62
HOAN24	257.92	37.36	42.38	29.46	20.03	2.57	2.63	2.65	2.61	2.60
RBAM24	266.52	38.26	46.09	46.06	29.21	2.68	2.73	2.72	2.64	2.60
RBAN24	262.79	38.47	46.48	45.68	29.33	2.64	2.69	2.68	2.59	2.55
NGAM24	2.063	56.35	51.49	38.93	45.27	2.00	2.00	2.02	2.09	2.12
NGAN24	2.381	56.22	52.11	36.35	42.99	2.33	2.33	2.35	2.38	2.39

Calculations based on previous session. Data collected 04/22/2024

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	80.19	81.28	81.78	82.87	83.37
CLAN24	Crude Oil	79.62	80.64	81.10	82.12	82.58
HOAM24	Heating Oil	249.56	254.18	255.84	260.45	262.12
HOAN24	Heating Oil	250.47	254.90	256.50	260.93	262.53
RBAM24	RBOB Gas	261.77	264.16	266.46	268.86	271.16
RBAN24	RBOB Gas	258.36	260.78	262.38	264.80	266.40
NGAM24	Natural Gas	1.932	2.009	2.038	2.115	2.144
NGAN24	Natural Gas	2.265	2.334	2.358	2.427	2.451

Calculations based on previous session. Data collected 04/22/2024

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