



## DAILY ENERGY COMPLEX COMMENTARY

Wednesday April 24, 2024

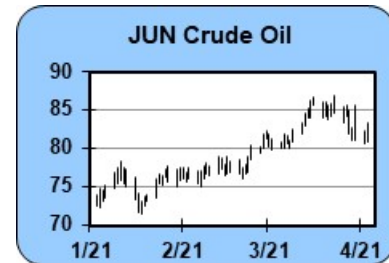
### DAILY ENERGY COMPLEX COMMENTARY

4/24/2024

**Moderating supply fear more than countervailed by demand hope**

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**CRUDE +8, HEATING OIL -44, UNLEADED GAS +49**

**CRUDE OIL MARKET FUNDAMENTALS:** The crude oil market swung widely in both directions yesterday, possibly because of residual stop selling from the recent aggressive washout. However, negative chart signals were offset by the very impressive strong close yesterday and the higher high early today. In addition to improving macroeconomic sentiment in Western economies (accentuated by strong recovery action in equities), the bull camp should be emboldened by a surprise (against expectations for a build) decline in API crude oil stocks of 3.2 million barrels! Not surprisingly, the API surprise has reduced expectations for the EIA crude oil stocks inflow from 1.8 million barrels yesterday, to only 800,000 barrels today. It should be noted that crude oil in European storage fell 1.3% on the week according to private estimates. We think a modest inflow to EIA crude oil stocks would be bearish as an inflow would be the 6th straight week of inflows. However, crude oil could see support from overnight chatter from the Middle East suggesting the markets are removing war premium too quickly. Another supportive development in the marketplace is the prospect of Iranian sanctions even though sanctions have not been very effective in reducing net exports. On the other hand, the Biden administration might slow walk the implementation of sanctions in hopes of restricting US pump price gains ahead of the election. It should also be noted that traders expect Chinese private oil refining companies to pick up buying interest just in case Iranian oil exports are disrupted. However, some Iranian oil shipments to China utilize at sea ship to ship transfers to disguise the origin of the oil. At least a portion of an improved macroeconomic environment is offset by unsold west African May cargos. However, the positive demand theme is saved by news that Indian crude oil consumption this year is expected to increase by 4.6%. Not surprisingly, Nigerian crude oil prices are expected to decline on soft June sales programs which suggest early signs of summer demand are disappointing. In a development likely heavily discounted by the trade, the Russian Econ ministry predicted that Brent crude oil prices would fall in the coming years. Another potential longer-term negative is an earnings "beat" by Halliburton which resulted from higher international drilling business which in turn could point to increased production ahead! After the close, the API survey said that US crude oil stocks had a weekly decline of 3.23 million barrels which was in sharp contrast to trade forecasts calling for a mild weekly increase. With improved global economic sentiment, a possible Iranian supply interrupting sanctions package and a trade back above \$83.50 the crude oil bias has shifted back to the upside.



**PRODUCT MARKET FUNDAMENTALS:** The gasoline market ranged down again yesterday, and reached the lowest level since March 14th, however the market promptly recovered with a rally of \$0.07 before midsession. Furthermore, today's early higher high action solidifies yesterday's technical condition shift in favor of the bull camp. Therefore, the market is showing bullish resiliency despite what likely remains a very overbought speculative positioning. This week's Reuters poll projects EIA gasoline inventories to decline by 1.4 million barrels which would represent the second straight weekly decline which in turn could reduce the 3.8 million barrel year-over-year surplus. The API survey said that US gasoline stocks had a weekly decline of 595,000 barrels which was a smaller decline than market expectations. On the other hand, given reports of large European gasoline shipments to the US, a large gasoline stock build and/or a dismal implied demand reading is not out of the question. The API survey also said that US distillate stocks had a weekly increase of 724,000 barrels which contrasted with trade forecasts calling for a moderate weekly decline. Uptrend channel support in June gasoline today is at \$2.6295 and to shift the trend back to the upside requires a trade above \$2.72.

**Weekly EIA Petroleum Estimates - Week Ending 4/19/2024 - In Million Barrels**

	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	1	0.6	460	2.7
Distillates	-0.9	-1.3	115	-2.8
Gasoline	-1.6	-2	227.4	-1.2

**NATURAL GAS:** With a 4th straight higher high for the move and the highest trade since April 10th yesterday, we think a measure of profit taking on long-term short positions is serving to lift prices. However, this week's Reuters poll predicts EIA gas in working storage to increase by 60 BCF to 86 BCF which should undermine the bulls and embolden the bears. From a technical perspective, the charts have obviously improved with two longer-term downtrend channel resistance lines taken out on the upside this week and a new high trade for the month of April today. In the end, the bull camp has momentum in its favor with classic supply and demand readings still entrenched in the bear category. In a slightly bearish development, a new Indian LNG import facility has pushed back its commissioning/opening.

**TODAY'S MARKET IDEAS:**

We give the edge to the bull camp today following aggressive rejections of yesterday's early spike lows. The bull camp should also be emboldened by what feels like an improvement in global economic sentiment, possible Iranian sanctions, and developing weakness in the US dollar. However, without a fresh Middle East supply threat, the markets are likely to turn their focus back toward demand which could mean regularly scheduled economic data will drive prices in the coming three days.

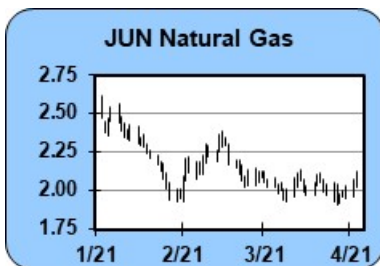
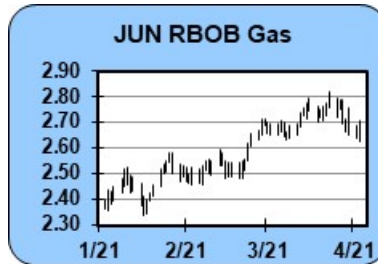
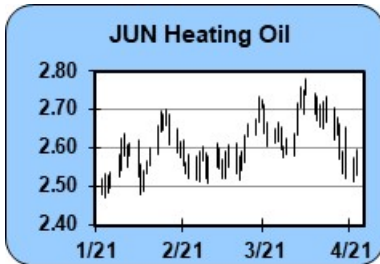
**NEW RECOMMENDATIONS:**

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) 04/24/2024:** 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 market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next downside objective is now at 80.20. The next area of resistance is around 84.60 and 85.29, while 1st support hits today at 82.06 and below there at 80.20.

**HEATING OIL (JUN) 04/24/2024:** Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 250.97. The next area of resistance is around 261.66 and 263.78, while 1st support hits today at 255.26 and below there at 250.97.

**RBOB GAS (JUN) 04/24/2024:** The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Momentum studies trending lower at mid-range should accelerate a move lower 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 outside day up and close above the previous day's high is a positive signal. A positive setup occurred with the close over the 1st swing resistance. The next downside objective is now at 260.14. The next area of resistance is around 274.01 and 276.31, while 1st support hits today at 265.93 and below there at 260.14.

**NATURAL GAS (JUN) 04/24/2024:** The market now above the 40-day moving average suggests the longer-term trend has turned up. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 2.198. The next area of resistance is around 2.167 and 2.198, while 1st support hits today at 2.061 and below there at 1.987.

## 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
<b>ENERGY COMPLEX</b>										
CLAM24	83.33	51.60	54.25	41.65	34.45	82.39	83.44	84.02	80.75	79.39
CLAN24	82.52	50.67	53.77	41.50	33.60	81.71	82.78	83.27	80.10	78.82
HOAM24	258.45	41.36	44.25	25.44	21.73	2.56	2.61	2.65	2.62	2.62
HOAN24	259.06	42.17	45.14	27.31	23.01	2.57	2.62	2.65	2.61	2.60
RBAM24	269.97	48.30	51.75	41.55	32.53	2.68	2.72	2.73	2.64	2.60
RBAN24	266.11	48.51	52.07	41.18	32.17	2.64	2.68	2.69	2.60	2.56
NGAM24	2.114	60.21	54.13	45.59	58.72	2.03	2.01	2.03	2.09	2.12
NGAN24	2.430	60.19	54.78	42.85	56.17	2.35	2.33	2.35	2.39	2.39

Calculations based on previous session. Data collected 04/23/2024

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>ENERGY COMPLEX</b>						
CLAM24	Crude Oil	80.19	82.05	82.74	84.60	85.29
CLAN24	Crude Oil	79.60	81.33	81.97	83.70	84.34
HOAM24	Heating Oil	250.96	255.25	257.37	261.66	263.78
HOAN24	Heating Oil	251.86	255.98	258.01	262.13	264.16
RBAM24	RBOB Gas	260.13	265.92	268.22	274.01	276.31
RBAN24	RBOB Gas	256.88	262.33	264.43	269.88	271.98
NGAM24	Natural Gas	1.986	2.061	2.092	2.167	2.198

NGAN24          Natural Gas    2.317    2.383    2.411    2.477    2.505

**Calculations based on previous session. Data collected 04/23/2024**

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