



DAILY ENERGY COMPLEX COMMENTARY

Thursday April 25, 2024

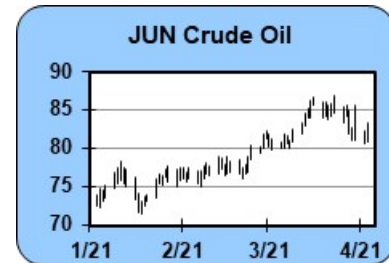
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4/25/2024

Petroleum markets vulnerable to renewed demand fear today

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE +38, HEATING OIL +225, UNLEADED GAS +169

CRUDE OIL MARKET FUNDAMENTALS: In retrospect, the crude oil market has stalled and is attempting to build consolidation until a dominating theme gains control. The bull camp should be very disappointed with the crude oil market reaction to yesterday's much larger than expected EIA crude stocks decline. In fact, the decline of 6.3 million barrels breaks a five week string of inflows and was in the opposite direction of expectations. Fortunately for the bull camp, US crude oil exports jumped the most in a single week for this year which some traders think is evidence that the supply issues in the Middle East have finally brought buying to the US. On the other hand, an application of sanctions on Iran is likely to result in China shifting its purchases to Iran because of deep discounts like the deep discounts offered by Russia in the face of their sanctions. In a generally positive demand development Chinese traffic congestion increased by 1.7% in the recent weekly reading after a 20% rise in the previous week. The prospects of sanctions against Iran were increased after the Senate tied the recent aid package to sanctions against Iran. However, bullish sentiment is also injured by news that the largest oil exchange traded fund (USO) saw its largest daily outflow on record, especially with the two previous days also showing large outflows. However, outside macroeconomic forces are likely to remain bearish with higher interest rates and signs of residual soft US gasoline demand. EIA crude stocks fell 6.368 million barrels and are 7.289 million barrels below year ago levels. Also, crude stocks stand 15.901 million barrels below the five year average. Crude oil imports for the week stood at 6.497 million barrels per day compared to 6.461 million barrels the previous week. The refinery operating rate was 88.5% up, 0.4% from last week compared to 91.3% last year and the five year average of 84.9%. While supply issues could suddenly surface and dominate over demand news, energy demand views will likely be impacted by the release of an important US inflation measure in the form of PCE. Uptrend channel support in June crude oil today is \$81.22 with an upside pivot seen on a trade above \$83.71.



PRODUCT MARKET FUNDAMENTALS: Without the headlines touting a massive decline in EIA crude oil inventories, the gasoline market might have closed much weaker yesterday. While weekly EIA gasoline inventories fell yesterday, the year-over-year surplus reached the lowest level since the beginning of February. Certainly, it is somewhat early for the seasonal demand pickup but both year ago and five-year average implied demand readings should have bottomed out last week. EIA gasoline stocks fell 634,000 barrels and are 5.607 million barrels above last year and 8.454 million below the five year average. Average total gasoline demand for the past four weeks was down 3.7% compared to last year. Gasoline imports came in at 780,000 barrels per day compared to 709,000 barrels the previous week. Clearly, reports of large gasoline supply flow to the US from Europe was absorbed by the market and might have caused implied demand readings to be understated. Uptrend channel support in June gasoline today is \$2.6873 with an upside pivot point already regained following a trade above \$2.7198. Given inflows to EIA distillate and diesel inventories in the report yesterday and both products holding surpluses to year ago storage levels the diesel market remains the weakest component of the petroleum complex. EIA distillate stocks rose 1.614 million barrels and stood at 5.069 million barrels above last year and 8.438 million below the five year average. Distillate imports came in at 138,000 barrels per day compared to 149,000 barrels the previous week. Average total distillate demand for the past four weeks was down 11.60% compared to last year. Uptrend channel support in June diesel today is \$2.5447 with a trade above \$2.605 needed to turn the trend away from the downside.

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
4/19/2024	453.625	-6.368	-7.289	469.526	6.497	88.5	
DISTILLATES	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/19/2024	116.582	+1.614	+5.069	125.020		3.552	
GASOLINE	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/19/2024	226.743	-0.634	+5.607	235.197	0.780	8.423	

NATURAL GAS: Apparently, the bull track ran its course yesterday with natural gas prices failing to make a new high for the move and reversing aggressively from the early high and trading back below a key psychological support level of \$2.00. Unfortunately for the bull camp, this week's Reuters poll projects EIA gas in working storage today to increase by 60 to 89 BCF, which should be a very bearish result. In a slight mitigation of the overwhelming bear case, the surplus to the five-year average inventory levels narrowed to the lowest level since March 1st last week. However, the surplus to the five-year average inventory level remains lofty at 36.4%. Near-term downside targeting in June natural gas is \$1.951 and possibly \$1.914 if today's injection is above the top end of the anticipated range.

TODAY'S MARKET IDEAS:

While the large US crude oil stocks decline certainly helps underpin petroleum prices, we suspect the markets will focus on the prospects for demand following a key US inflation reading later today. Uptrend channel support in June crude oil today is \$81.22 with an upside pivot seen on a trade above \$83.71. Uptrend channel support in June gasoline today is \$2.6340 with an upside pivot point seen on a trade above \$2.7198. Uptrend channel support in June diesel today is \$2.517 with a trade above \$2.605 to turn the trend away from the downside.

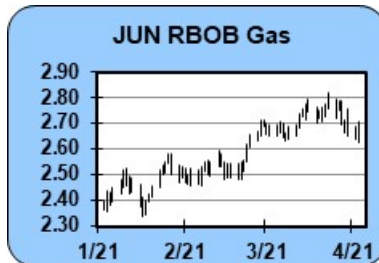
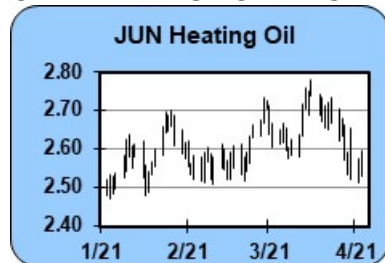
NEW RECOMMENDATIONS:

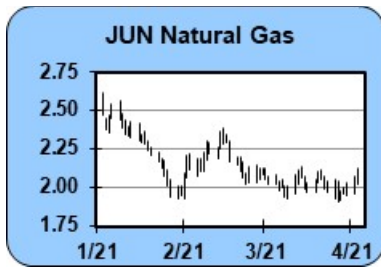
None.

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) 04/25/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 81.65. The next area of resistance is around 83.38 and 84.18, while 1st support hits today at 82.12 and below there at 81.65.

HEATING OIL (JUN) 04/25/2024: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 251.66. The next area of resistance is around 258.49 and 261.31, while 1st support hits today at 253.67 and below there at 251.66.

RBOB GAS (JUN) 04/25/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 267.54. The next area of resistance is around 272.15 and 273.35, while 1st support hits today at 269.25 and below there at 267.54.

NATURAL GAS (JUN) 04/25/2024: The close under the 40-day moving average indicates the longer-term trend could be turning down. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside target is 2.179. The next area of resistance is around 2.052 and 2.179, while 1st support hits today at 1.880 and below there at 1.834.

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	82.75	47.09	51.25	39.12	33.97	82.56	83.25	84.04	80.89	79.50
CLAN24	82.03	46.69	51.10	38.78	33.20	81.85	82.59	83.29	80.24	78.92
HOAM24	256.08	37.01	41.36	23.72	20.27	2.57	2.60	2.65	2.62	2.62
HOAN24	256.93	37.79	42.21	25.38	21.51	2.57	2.60	2.65	2.61	2.60
RBAM24	270.70	50.12	52.82	39.68	35.94	2.69	2.72	2.73	2.64	2.60
RBAN24	266.69	50.43	53.19	39.40	35.61	2.65	2.68	2.69	2.60	2.56
NGAM24	1.966	42.59	43.53	45.60	46.54	2.03	2.00	2.03	2.09	2.11
NGAN24	2.314	45.84	46.24	44.49	48.46	2.36	2.33	2.35	2.39	2.38

Calculations based on previous session. Data collected 04/24/2024
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	81.64	82.11	82.91	83.38	84.18
CLAN24	Crude Oil	80.97	81.43	82.16	82.62	83.35
HOAM24	Heating Oil	251.65	253.66	256.48	258.49	261.31
HOAN24	Heating Oil	252.72	254.64	257.29	259.21	261.86
RBAM24	RBOB Gas	267.53	269.24	270.44	272.15	273.35
RBAN24	RBOB Gas	263.77	265.33	266.48	268.04	269.19
NGAM24	Natural Gas	1.833	1.879	2.006	2.052	2.179
NGAN24	Natural Gas	2.197	2.239	2.347	2.389	2.497

Calculations based on previous session. Data collected 04/24/2024

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