



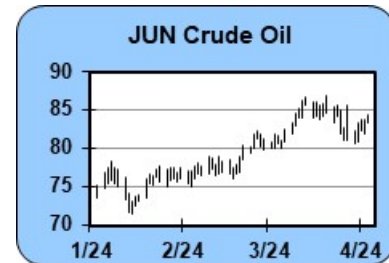
DAILY ENERGY COMPLEX COMMENTARY Monday April 29, 2024

DAILY ENERGY COMPLEX COMMENTARY 4/29/2024

Talk of a cease-fire is offset by favorable macro sentiment

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE -7, HEATING OIL +38, UNLEADED GAS +115**

CRUDE OIL MARKET FUNDAMENTALS: With a range down probe overnight mostly rejected, the trade has partially discounted cease-fire talks in Egypt. However, the crude oil market was presented with bearish overnight news of a Petro China quarter over quarter production gain of 3.3 million barrels. While the energy markets are likely to see residual support from ongoing Israeli airstrikes against Hamas, the weekend presented several classic bearish supply and demand developments. First, Indian March crude oil imports dropped by 1.1% versus year ago levels, and strong demand from India has been a key component of the bull case. From the supply side of the equation, the Mexican national oil company Pemex reversed crude oil export cuts for next month after recently indicating they would attempt to refine all domestic produced oil in country. Furthermore, the Russian economic development Ministry indicated 2024 crude oil exports were likely to be higher than 2023 by 10 million metric tonnes. In other words, Russian oil exports were pegged at 240 million metric tonnes this year compared to 230 million last year. However, crude oil should see support from a 17% week over week decline in global crude oil in floating storage and from ongoing attacks on Ukraine and Russia energy infrastructure. While last week's net spec and fund long position was 92,000 contracts below the last three-year high net spec and fund long, the market into the Friday high gained \$1.10 indicating the net spec and fund long report this week understates the magnitude of the net long. Nonetheless, the crude oil market retains speculative buying capacity if fundamentals remain supportive. Crude Oil positioning in the Commitments of Traders for the week ending April 23rd showed Managed Money traders are net long 179,646 contracts after net selling 24,251 contracts. Non-Commercial & non-reportable. Last week US oil rigs operating were reduced to the lowest level since November 2023 resulting in the rig count falling in five of the last six weeks. While tensions between Israel and Iran could flare-up at any second, reports have a Hamas delegation visiting Egypt seeking a cease-fire. The Israelis are indicating they needed to eradicate Hamas, and it is possible they will intensify attacks to complete their mission before international pressure for a cease-fire becomes intense. In our opinion, without an Iranian attack against Israel for their increased aerial bombardment of southern Gaza, the situation in the Middle East may be poised to de-escalate. Therefore, we suggest traders consider purchasing bear put spreads in the July crude oil contract (which offers enough time value). Critical support in June crude oil today is \$82.84 with a trade back above \$84.25 possibly igniting a return to the highs.



PRODUCT MARKET FUNDAMENTALS: With the gasoline market showing a return to a leadership role, the focus of the trade may be embracing positive seasonal demand hopes but we think gasoline will see negative headwinds from the diesel market. Yet another bearish overnight development came from China where refiners apparently boosted product exports to 14 month highs! Furthermore, the gasoline contract is easily the most overbought (relatively speaking), especially with the June contract after the COT report was measured gaining 5 1/2 cents into Friday's high. The April 23rd Commitments of Traders report showed Gas (RBOB) Managed Money traders are net long 72,962 contracts after net selling 6,563 contracts. Non-Commercial & non-reportable traders net sold 6,001 contracts and are now net long 85,255 contracts. Adjusting for the post report rally, the gasoline contract might have the largest net spec and fund long since January 2021! While the seasonal demand pattern points up, the gasoline supply in the US remains at a surplus to year ago levels. Close in pivot point support in June gasoline is \$2.725 with a trade above \$2.7565 possibly signaling an upside extension. As indicated already, the diesel market looks to be a headwind for crude oil and gasoline with supply and demand discouraging buyers.

Fortunately for the bull camp, the net spec and fund long in diesel is the least overbought in the complex. Traders could consider bear put spreads in the July contract on rallies early this week. The Commitments of Traders report for the week ending April 23rd showed Heating Oil Managed Money traders added 142 contracts to their already long position and are now net long 3,360. Non-Commercial & non-reportable traders were net long 23,125 contracts after decreasing their long position by 2,118 contracts.

NATURAL GAS: Despite significant short and long-term oversold conditions, the fundamental path of least resistance in natural gas remains down. Last week's "above the range" of expectations weekly injection to EIA gas in storage combined with mild shoulder season weather in the US and Europe leaves the bear camp in control. From a longer-term perspective, natural gas prices could bottom out after a plunge to even cheaper levels as there are signs that demand for US supply is robust and is likely to expand. The bull camp might see fleeting support from a Bloomberg story overnight suggesting the Texas electric grid will see capacity issues in the long summer season ahead. However, the US has had trouble maintaining capacity export flow and needs additional export terminal capacity to begin to eat away a wall of US supply. However, with potential of adding US export capacity by June or July that should help the trade discount a large surplus to 5-year average inventories. Unfortunately for the bull camp, the net spec and fund short in natural gas is not extreme even with the slide after last week's report. The April 23rd Commitments of Traders report showed Natural Gas Managed Money traders net bought 25,998 contracts and are now net short 88,391 contracts. Non-Commercial & non-reportable traders are net short 115,910 contracts after net selling 6,685 contracts. More new contract lows are expected ahead.

TODAY'S MARKET IDEAS:

While we give the edge with the bear camp because of "hope" of a cease-fire, the odds are against achieving that goal as compromise is not a hallmark of the Middle East. Therefore, the bull camp needs risk on sentiment, a weaker dollar, and favorable Chinese PMI readings tonight to rekindle last week's rally.

NEW RECOMMENDATIONS:

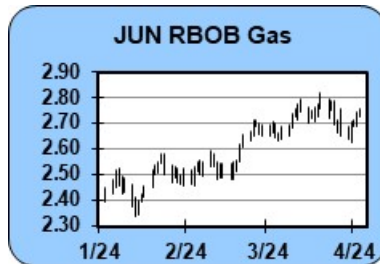
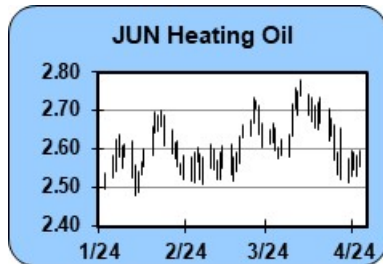
None.

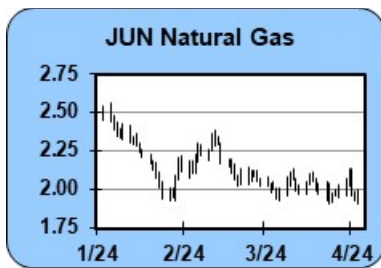
PREVIOUS RECOMMENDATIONS:

None.

	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Net Position	Weekly Net Change	
Energies						
Crude Oil	276,783	-27,133	-322,278	+24,047	45,495	+3,087
Heating Oil	7,916	+3,794	-23,125	+2,118	15,209	-5,912
Natural Gas	-133,842	+2,547	115,909	+6,683	17,932	-9,232
Gas (RBOB)	72,603	-5,003	-85,255	+6,002	12,652	-998

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) 04/29/2024: The crossover up in the daily stochastics is a bullish signal. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 84.88. The next area of resistance is around 84.19 and 84.88, while 1st support hits today at 83.09 and below there at 82.67.

HEATING OIL (JUN) 04/29/2024: 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 downside closing price reversal on the daily chart is somewhat negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 252.87. The next area of resistance is around 257.80 and 260.64, while 1st support hits today at 253.92 and below there at 252.87.

RBOB GAS (JUN) 04/29/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 277.18. The next area of resistance is around 275.70 and 277.18, while 1st support hits today at 272.66 and below there at 271.09.

NATURAL GAS (JUN) 04/29/2024: 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. The outside day down is a negative signal. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 1.843. The next area of resistance is around 1.962 and 2.028, while 1st support hits today at 1.870 and below there at 1.843.

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	83.64	55.61	56.28	39.96	42.16	83.40	82.98	84.06	81.19	79.75
CLAN24	82.95	55.79	56.44	39.29	41.36	82.63	82.30	83.33	80.53	79.16
HOAM24	255.86	36.87	41.25	21.90	20.48	2.57	2.57	2.64	2.62	2.62
HOAN24	256.96	38.91	42.82	23.63	22.51	2.58	2.58	2.64	2.61	2.60
RBAM24	274.18	58.12	57.61	43.16	48.35	2.72	2.71	2.73	2.66	2.61
RBAN24	270.23	59.08	58.34	42.81	48.07	2.68	2.67	2.69	2.61	2.57
NGAM24	1.916	37.28	40.05	40.30	30.24	1.99	2.00	2.01	2.08	2.10
NGAN24	2.283	41.47	43.42	42.87	37.56	2.34	2.33	2.34	2.39	2.38

Calculations based on previous session. Data collected 04/26/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAM24	Crude Oil	82.66	83.08	83.77	84.19	84.88
CLAN24	Crude Oil	81.99	82.43	83.03	83.47	84.07
HOAM24	Heating Oil	252.86	253.91	256.75	257.80	260.64
HOAN24	Heating Oil	254.14	255.14	257.78	258.78	261.42
RBAM24	RBOB Gas	271.08	272.65	274.13	275.70	277.18
RBAN24	RBOB Gas	267.27	268.81	270.11	271.65	272.95
NGAM24	Natural Gas	1.842	1.869	1.935	1.962	2.028
NGAN24	Natural Gas	2.217	2.241	2.300	2.324	2.383

Calculations based on previous session. Data collected 04/26/2024

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