



DAILY ENERGY COMPLEX COMMENTARY

Tuesday April 30, 2024

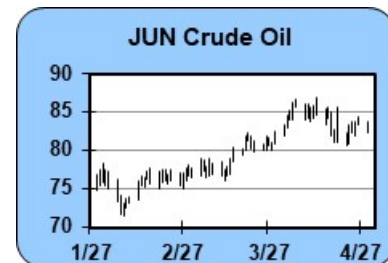
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4/30/2024

Talk of a cease-fire continues to weigh on prices

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +39, HEATING OIL +150, UNLEADED GAS +18

CRUDE OIL MARKET FUNDAMENTALS: Several overnight developments justify the three-day low overnight. Apparently, the trade thinks the odds of a cease-fire are decent with the Hamas delegation departing Egypt to discuss the proposals with leadership, but we are still suspicious of that view given hardliner control of Hamas. On the other hand, the US Secretary of State is expected to step up pressure on both parties and Israel has promised to analyze the offer and has delayed its plan to invade Rafah. However, trade chatter overnight suggested the geopolitical/war premium in crude prices is substantially lower than at the peak of hostilities and in a range of three dollars to five dollars! Other bearish news includes a 4.4% drop in Japanese March crude oil imports and disappointing Chinese PMI readings overnight which suggest the potential for softening Chinese energy demand. Further signs of softening of the Chinese economy came from official cuts in Chinese gasoline and diesel retail prices. Even product demand news favors the bear camp with talk of a scramble to find diesel storage in the US and predictions that summer jet fuel demand increases may not be much as last summer. This week's Reuters poll projects EIA crude oil inventories to decline by 800,000 barrels with the trade last week surprised with a much larger than expected decline in weekly crude oil stocks of 6.3 million barrels. With the decline in EIA crude oil stocks the first decline since the middle of last month, it is possible that the return of refinery capacity from maintenance has reached levels supportive of crude oil pricing. In a fresh negative published late Monday, the Chinese national oil company indicated its quarterly output increased by 10 million barrels, with current output at 239.6 million barrels. Furthermore, with Shell Oil reportedly earning \$1 billion from crude oil trading every year and earning \$2.4 billion last quarter from LNG trading, that is likely to prompt the US administration to threaten the company with regulation designed to reduce profits and prices. Uptrend channel support in June crude oil today is \$81.45 with short-term stochastics signaling a relatively weak buy signal.



PRODUCT MARKET FUNDAMENTALS: Product news overnight favors the bear camp with a Chinese reduction in retail gasoline and diesel prices combined with disappointing Chinese PMI data. Another bearish fundamental supply overhang from yesterday is news that Chinese refiners had dramatically boosted their export of products last month. However, overnight in a strange countervailing headline Chinese fuel oil imports in April reportedly reached a 10 month high! We also suspect negative headlines for diesel overnight are serving to weigh on gasoline prices early today. Additionally, we expect lingering hope for a Middle East cease-fire will leave crude oil under pressure which in turn will apply spillover pressure to gasoline. However, the gasoline market should be underpinned by the lack of a significant buildup of the year-over-year surplus of EIA gasoline inventories, especially with the refinery rate rising over the last month. On the other hand, the latest US refinery operating rate still has 11.5% of refinery capacity off-line but that might not become critical until seasonal demand expands. Uptrend channel support today in June gasoline is far off the market at \$2.6861 with closer in double low pivot point support at \$2.724.

NATURAL GAS: Despite favorable chart action with a rejection of last Friday's spike down move yesterday, and a higher high this morning, the fundamental picture in natural gas remains negative. In fact, LNG supply in floating

storage increased by 7% compared to last week. On the other hand, US cooling degree days are expected to be 12 degree days above normal and there were signs of bargain hunting buying at the recent double low of \$1.916. Certainly, there are signs of strong early electricity needs for northern hemisphere cooling, but without a blistering nationwide sustained heatwave it is unlikely excess US supplies will be worked off quickly. This week's Reuters poll projects EIA gas in working storage to increase by 52 to 56 BCF which coupled with last week's larger than expected injection should serve to limit near-term gains in natural gas. Suggestions that the rally yesterday was the result of contract expiration have merit while suggestions that the rally yesterday was the result of a return to full operations at the troubled Freeport export terminal are a leap of faith. The best the bull camp can hope for is a return to the top of the last 40 days consolidation zone starting at \$2.118.

TODAY'S MARKET IDEAS:

We leave the edge with the bear camp as the trade continues to recognize the potential for a cease-fire between Israel and Hamas. While it is somewhat constructive that Hamas leadership made the trip to Cairo, the linchpin on a cease-fire might now reside with Israel. We suspect international pressure on Israel is very extreme and their attack on Rafah was delayed because of the cease-fire negotiations which suggest they might be willing to negotiate. In the end, supply and demand in the crude oil market lean in favor of longer term tightness while the outlook for energy demand in the near term is suspect. However, the markets have a corrective feel especially if Israel doesn't squelch talks with aggressive statements and Hamas doesn't decide to press for aggressive concessions. Uptrend channel support in June crude oil today is \$81.45 with short-term stochastics signaling a suspect and relatively weak buy signal. Uptrend channel support today in June gasoline is far off the market at \$2.6861 with closer in double low pivot point support at \$2.724.

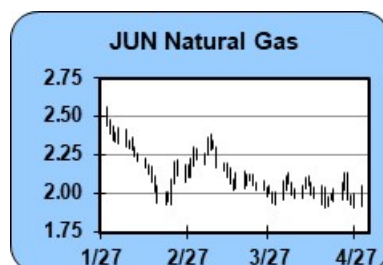
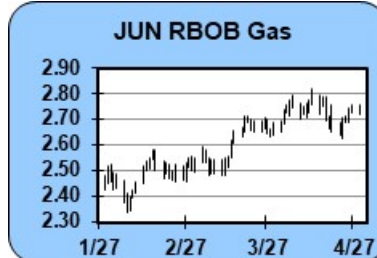
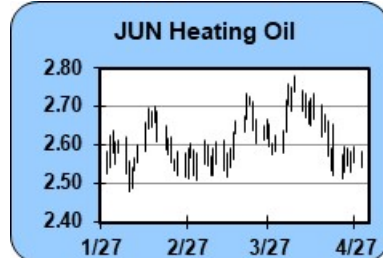
NEW RECOMMENDATIONS:

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) 04/30/2024: The daily stochastics gave a bearish indicator with a crossover down. Momentum

studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 81.44. The next area of resistance is around 83.49 and 84.45, while 1st support hits today at 81.99 and below there at 81.44.

HEATING OIL (JUN) 04/30/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 251.42. The next area of resistance is around 257.23 and 259.87, while 1st support hits today at 253.01 and below there at 251.42.

RBOB GAS (JUN) 04/30/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 277.76. The next area of resistance is around 275.57 and 277.76, while 1st support hits today at 271.69 and below there at 270.01.

NATURAL GAS (JUN) 04/30/2024: The daily stochastics gave a bullish indicator with a crossover up. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend could be turning up with the close back above the 18-day moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 2.147. The next area of resistance is around 2.113 and 2.147, while 1st support hits today at 1.981 and below there at 1.882.

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	82.74	46.28	50.31	39.63	38.95	83.24	82.74	83.96	81.35	79.90
CLAN24	82.13	46.87	50.74	39.12	38.77	82.53	82.06	83.24	80.68	79.30
HOAM24	255.12	35.39	40.33	21.26	19.77	2.56	2.56	2.63	2.62	2.62
HOAN24	256.12	36.67	41.43	22.90	21.43	2.57	2.57	2.63	2.62	2.61
RBAM24	273.63	54.19	55.25	45.46	50.06	2.73	2.71	2.73	2.66	2.62
RBAN24	269.71	56.47	56.80	45.49	50.85	2.69	2.67	2.69	2.62	2.58
NGAM24	2.047	53.84	51.02	40.72	40.90	1.98	2.00	2.01	2.08	2.09
NGAN24	2.385	53.87	51.55	43.77	45.44	2.33	2.34	2.34	2.39	2.37

Calculations based on previous session. Data collected 04/29/2024

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	81.43	81.98	82.94	83.49	84.45
CLAN24	Crude Oil	80.93	81.44	82.31	82.82	83.69
HOAM24	Heating Oil	251.41	253.00	255.64	257.23	259.87
HOAN24	Heating Oil	252.58	254.09	256.63	258.14	260.68
RBAM24	RBOB Gas	270.00	271.69	273.88	275.57	277.76
RBAN24	RBOB Gas	266.36	267.94	269.90	271.48	273.44
NGAM24	Natural Gas	1.881	1.980	2.014	2.113	2.147
NGAN24	Natural Gas	2.250	2.330	2.359	2.439	2.468

Calculations based on previous session. Data collected 04/29/2024

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