



## DAILY ENERGY COMPLEX COMMENTARY

Thursday May 09, 2024

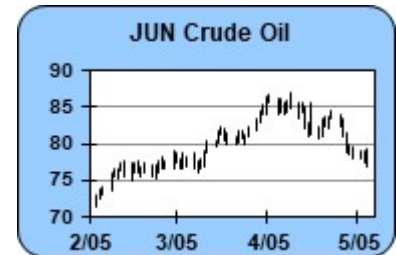
### DAILY ENERGY COMPLEX COMMENTARY

5/9/2024

The bull camp has regained the edge in petroleum and N-gas

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**CRUDE +65, HEATING OIL +245, UNLEADED GAS +126**

**CRUDE OIL MARKET FUNDAMENTALS:** In addition to very positive chart action after yesterday's spike down move, the bull camp should be cheered by positive Chinese trade data, signs of an impending massive assault on the southern Gaza city of Rafah, and from the surprise decline in EIA crude oil inventories yesterday. An improved outlook for Chinese energy demand is justified with gains in Chinese imports and exports, news that a major beleaguered Chinese real estate company intends to catch up on missed debt payments and most importantly from a 5.4% increase in Chinese April crude oil imports. Apparently, Chinese refiners are spooling up activity in anticipation of a strong recovery in holiday travel, with 1.3 billion passenger trips reported from the first five days of the season. In addition to a short-term oversold technical condition, the crude oil market yesterday also saw a surprise decline in EIA crude oil inventories and that likely resulted in some short covering buying. However, it is also possible that the June crude oil contract found value at the \$77.50 level, especially with the last COT spec and fund long position showing signs of coming down significantly following the 30-day high to low slide of \$10! Crude oil might also see residual support from increased US physical demand from a 1% increase in the US refinery operating rate, but that news could pressure the product markets from additional supply flows ahead. However, weekly crude oil stocks did decline, and inventories fell back into a year-over-year deficit. EIA crude stocks fell 1.362 million barrels and are 3.056 million barrels below year ago levels. Also, crude stocks stand 14.62 million barrels below the five-year average. Crude oil imports for the week stood at 6.969 million barrels per day compared to 6.772 million barrels the previous week. The refinery operating rate was 88.5%, up 1.0% from last week compared to 91.0% last year and the five-year average of 85.4%. From a technical perspective, yesterday's range down reversal in June crude oil combined with a bounce (at times) of \$2.30 yesterday the \$77.50 level is given added credence as a value zone.



**PRODUCT MARKET FUNDAMENTALS:** As in the crude oil trade, the gasoline trade is likely seeing spillover lift from reports that Israel is amassing troops outside of Rafah in preparation for an assault. Clearly, with global opposition expanding rapidly to any extension of Israeli attacks into southern Gaza that increases the potential for a counterattack from Hamas and increased potential of threats or actions from Iran. Fortunately for the bull camp, the prospect of increased Chinese fuel consumption has surfaced with very favorable Chinese trade data, a new high for the year in Chinese traffic congestion and from indications that a beleaguered Chinese real estate investment firm will catch up on missed debt payments. Apparently, Chinese refiners are spooling up activity in anticipation of a strong recovery in holiday travel, with 1.3 billion passenger trips seen in the first five days of the travel season. Like the crude oil market, the gasoline market has posted signs of an exhaustion of aggressive selling with Gasoline market at times yesterday managing a bounce off the low of 5.5 cents. However, recent fundamental developments still favor the bear camp with US implied gasoline not improving as is typical at this time of the year. In fact, US implied gasoline demand has been below year ago levels very often this year! Another bearish development this week are suggestions from the Russian energy minister that the Russian export ban on fuel could be lifted. EIA gasoline stocks rose 915,000 barrels and are 8.291 million barrels above last year and 4.607 million below the five-year average. Average total gasoline demand for the past four weeks was down 4.0% compared to last year. Gasoline imports came in at 719,000 barrels per day compared to 977,000 barrels the previous week. Obviously, key support is even number pricing at \$2.50 in the June RBOB contract, but classic fundamentals from the crude oil market have improved a series of upbeat Chinese economic headlines and that should foster follow-through gains from the upside reversal yesterday. EIA distillate stocks rose 560,000 barrels

and stand at 10.257 million barrels above last year and 8.268 million below the five year average. Distillate imports came in at 111,000 barrels per day compared to 103,000 barrels the previous week. Average total distillate demand for the past four weeks was down 6.59% compared to last year.

Weekly EIA Petroleum Report					In Million Barrels		
<b>CRUDE OIL</b>		<b>Stocks</b>			<b>Imports</b>	<b>Refinery Capacity(%)</b>	
<b>Week Of</b>	<b>Current</b>	<b>Weekly Change</b>	<b>Yearly Change</b>	<b>5 Year Average</b>	<b>Current</b>	<b>Current</b>	<b>Year Ago</b>
5/3/2024	459.528	-1.362	-3.056	474.148	6.969	88.5	
<b>DISTILLATES</b>		<b>Stocks</b>			<b>Imports</b>	<b>Demand</b>	
<b>Week Of</b>	<b>Current</b>	<b>Weekly Change</b>	<b>Yearly Change</b>	<b>5 Year Average</b>	<b>Current</b>	<b>Current</b>	<b>Year Ago</b>
5/3/2024	116.410	+0.560	+10.257	124.678		3.489	
<b>GASOLINE</b>		<b>Stocks</b>			<b>Imports</b>	<b>Demand</b>	
<b>Week Of</b>	<b>Current</b>	<b>Weekly Change</b>	<b>Yearly Change</b>	<b>5 Year Average</b>	<b>Current</b>	<b>Current</b>	<b>Year Ago</b>
5/3/2024	228.002	+0.915	+8.291	232.609	0.719	8.797	

**NATURAL GAS:** With a fresh higher high for the move yesterday, Ukraine attempting to double power imports because of concentrated Russian attacks on energy facilities, we suspect further stop loss buying from a large speculative short position. In fact, in addition to general energy infrastructure damage, the Russians have also successfully damaged Hydroelectric and thermal energy facilities which could result in a significant deterioration in Ukraine's ability to battle the Russians. While there have not been intelligence warnings suggesting Ukraine is moving toward a critical condition, a Russian breakthrough with widespread casualties could temper global interest in Russian LNG exports. While the odds of a shutdown the Ukrainian gas pipeline flow due to electric grid problems is not expected, serious Russian bombardment of power stations could threaten a very key source of European supply. Obviously, both sides of the Ukraine war are intensifying attacks on energy infrastructure and therefore nothing can be ruled out. This week's Reuters poll projects EIA working gas in storage to see an injection within a range of 77 to 90 BCF and that should present some pressure to prices. On the other hand, US cooling degree days are expected to continue to run 11 degree days above normal into the upcoming weekend and Chinese demand expectations have improved.

**TODAY'S MARKET IDEAS:**

With the petroleum markets showing signs of technical bottoming yesterday, Israel clearly preparing for an onslaught of Rafah, Chinese economic news overnight showing improvement and the surprise decline in EIA crude stocks yesterday, the bull camp has regained control. From a technical perspective, yesterday's range down reversal in June crude oil combined with a bounce (at times) of \$2.30, the \$77.50 level is given added credence as a strong value zone. Obviously, key support is even number pricing at \$2.50 in the June RBOB contract, but classic fundamentals have shifted in favor of the bull camp producing a target of \$2.61 to end this week.

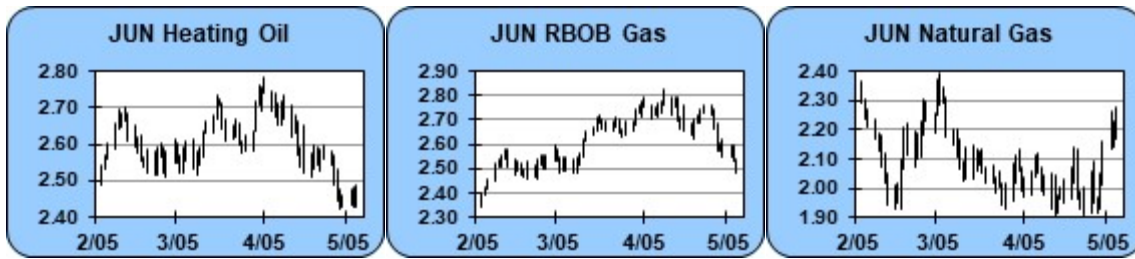
**NEW RECOMMENDATIONS:**

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) 05/09/2024:** The crossover up in the daily stochastics is a bullish signal. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up is somewhat positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next upside target is 81.02. The next area of resistance is around 80.40 and 81.02, while 1st support hits today at 78.02 and below there at 76.27.

**HEATING OIL (JUN) 05/09/2024:** Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. The outside day up and close above the previous day's high is a positive signal. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 253.17. The next area of resistance is around 251.54 and 253.17, while 1st support hits today at 245.46 and below there at 241.01.

**RBOB GAS (JUN) 05/09/2024:** Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. 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 246.79. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 256.96 and 258.44, while 1st support hits today at 251.14 and below there at 246.79.

**NATURAL GAS (JUN) 05/09/2024:** Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. 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. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 2.308. The next area of resistance is around 2.236 and 2.308, while 1st support hits today at 2.130 and below there at 2.095.

**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	79.21	36.50	39.97	15.22	15.96	78.55	80.06	81.57	81.63	80.46
CLAN24	78.76	36.47	40.06	15.25	15.81	78.18	79.56	80.99	81.00	79.84
HOAM24	248.50	34.03	36.45	14.40	16.96	2.46	2.49	2.54	2.61	2.60
HOAN24	249.65	34.30	36.96	14.43	16.59	2.47	2.50	2.55	2.60	2.59
RBAM24	254.05	29.38	34.93	18.47	14.81	2.55	2.62	2.67	2.67	2.63
RBAN24	251.72	30.90	36.34	19.14	16.79	2.53	2.59	2.63	2.63	2.59
NGAM24	2.183	63.75	59.25	64.07	74.74	2.18	2.07	2.04	2.06	2.08
NGAN24	2.468	63.60	58.82	60.66	72.22	2.46	2.38	2.35	2.37	2.37

Calculations based on previous session. Data collected 05/08/2024

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>ENERGY COMPLEX</b>						
CLAM24	Crude Oil	76.26	78.02	78.64	80.40	81.02
CLAN24	Crude Oil	76.06	77.67	78.23	79.84	80.40
HOAM24	Heating Oil	241.01	245.46	247.09	251.54	253.17
HOAN24	Heating Oil	242.46	246.71	248.32	252.58	254.18
RBAM24	RBOB Gas	246.78	251.13	252.61	256.96	258.44
RBAN24	RBOB Gas	244.34	248.77	250.24	254.67	256.14
NGAM24	Natural Gas	2.094	2.129	2.201	2.236	2.308
NGAN24	Natural Gas	2.396	2.426	2.479	2.509	2.562

Calculations based on previous session. Data collected 05/08/2024

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