



## DAILY ENERGY COMPLEX COMMENTARY

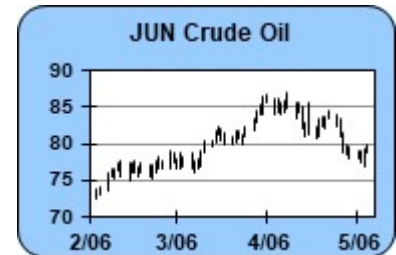
Friday May 10, 2024

### DAILY ENERGY COMPLEX COMMENTARY

5/10/2024

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

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):**  
**CRUDE +30, HEATING OIL +60, UNLEADED GAS +127**



**CRUDE OIL MARKET FUNDAMENTALS:** With a seven-day high this morning, a surprise EIA crude oil inventory outflow earlier in the week, ongoing Israeli fighting, favorable Chinese economic news earlier this week and the US raising the price it will pay to refill the SPR, the bull camp has the edge. However, the DOE said Cushing Oklahoma inventories (a key US export storage facility) increased by 5.6% last week, US gasoline demand remains soft at four year lows, and Chinese refiners are slowing crude purchases because of maintenance activity. Nonetheless, the path of least resistance is up with a bullish undertone from threats against Middle East supply flows hanging in place. In fact, bullish sentiment has fully returned with London crude oil seeing a massive inflow to Brent ETFs yesterday with one ETF seeing the largest inflow in 14 months. In the end, rising US domestic crude supplies and soft US demand are more than offset by signs of strong and further growth in Indian and Chinese energy demand. According to J.P. Morgan high-frequency demand signals global oil consumption is running 160,000 barrels per day above previous estimates while India has reported a 326,000 barrel per day increase in April demand which in turn was an all-time seasonal record. Evidence of improved Chinese oil import demand was confirmed with April crude oil imports jumping 5.4% versus year ago levels and January through April Chinese crude oil imports jumping 2% over year ago levels. On the other hand, some traders discounted the improved Chinese demand view pointing out Chinese April crude oil imports were down sharply from March. As for the situation in the Middle East, some of the potential energy price volatility from an escalation of tensions in the Middle East is tempered by the recent agreement between the US and Saudis for the US to protect Saudi interests in the event of a regional expansion of fighting. Uptrend channel support in June crude oil today is \$77.25 with closer in pivot point support pegged at \$78.98 and an upside extension signaled with the trade above \$79.95 early today.

**PRODUCT MARKET FUNDAMENTALS:** Clearly, the gasoline market attempt to recover has been very discouraging to the bull camp, as the magnitude of the bounce following a compacted seven-day washout of nearly \$0.30 has been anemic so far. However, the gasoline market continues to see headwinds from disappointing US implied gasoline demand, an entrenched pattern of significant US imports of European gasoline and recent softening of US traffic congestion readings derived from high-frequency data. On the other hand, this week's Chinese high-frequency traffic congestion reading posted a new high for the year and reports indicate the start of the recent Chinese holiday resulted in a shocking 1.3 billion trips. In the end, we see the gasoline market vulnerable to further downside action, but the bull camp is likely to be bailed out by a Middle East generated crude oil supply threat and by support from strengthening crude oil prices.

**NATURAL GAS:** While we are hard-pressed to fully justify the sharp upside extension and the highest trade in June natural gas prices since March 6th this morning, we suspect a portion of the buying is stop loss buying from what was a very large net spec and fund short position last week of 133,000 contracts. In other words, it does not appear as if a major fundamental shift has occurred, but it is possible the Bears now think downside opportunity no longer justifies the risk of short positions at historically low levels. In a sign of bullish spin, the trade yesterday focused on talk of lower US production ahead as the weekly EIA report showed US storage levels holding significant surplus supplies relative to five-year average levels. The weekly natural gas storage report showed an

injection of 79 bcf. Total storage stands at 2,563 bcf, or 33.3% above the 5 year average. Over the last four weeks, natural gas storage has increased 280 bcf. On the other hand, the US has started out on a strong cooling degree day seasonal pattern, the upside breakout has prompted aggressive refilling of winter depleted storage and there is the prospect of a disruption of European gas supplied through Ukraine with both sides targeting energy infrastructure on almost a daily basis.

## EIA Natural Gas Storage Report Summary

### In Billion Cubic Feet

Week Of	Week Change	Total Storage	Change From Last Year	4 Week Combined Weekly Change	Percent Change vs 5 Year Average	Percent Change vs 10 Year Average
5/3/2024	79	2563	444	280	33.3%	

### TODAY'S MARKET IDEAS:

With the energy markets not sustaining gains in the face of several positive demand developments earlier this week, the bull case is still somewhat questionable. However, despite more than adequate supply in the US and soft US gasoline demand, the trade is more interested in signs of strengthening Indian and Chinese energy demand and the middle east situation is always a wild card.

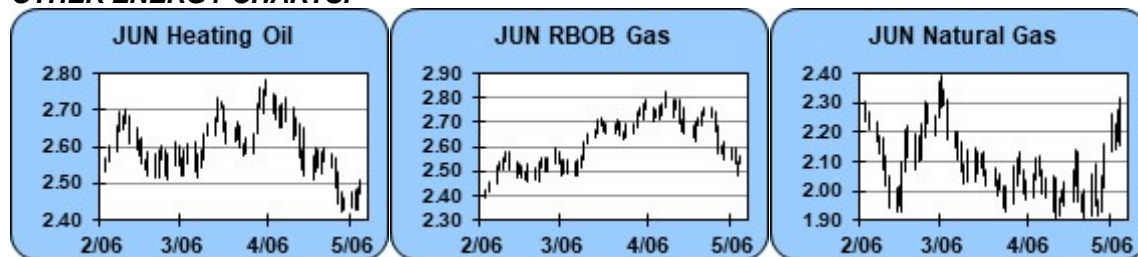
### NEW RECOMMENDATIONS:

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) 05/10/2024:** Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 80.37. The next area of resistance is around 80.05 and 80.37, while 1st support hits today at 79.17 and below there at 78.60.

**HEATING OIL (JUN) 05/10/2024:** Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 252.66. The next area of resistance is around 250.34 and 252.66, while 1st support hits today at 246.38 and below there at 244.73.

**RBOB GAS (JUN) 05/10/2024:** Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is 251.32. The next area of

resistance is around 256.72 and 258.41, while 1st support hits today at 253.18 and below there at 251.32.

NATURAL GAS (JUN) 05/10/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up is a positive signal. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 2.433. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 2.388 and 2.433, while 1st support hits today at 2.226 and below there at 2.108.

## 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	79.61	40.69	42.37	17.19	21.75	78.87	79.56	81.27	81.67	80.50
CLAN24	79.12	40.51	42.36	17.12	21.46	78.47	79.10	80.70	81.04	79.88
HOAM24	248.36	34.68	36.79	16.58	20.93	2.47	2.48	2.53	2.60	2.60
HOAN24	249.73	35.55	37.61	16.48	20.60	2.48	2.49	2.54	2.60	2.59
RBAM24	254.95	32.05	36.55	18.03	17.13	2.55	2.60	2.65	2.67	2.63
RBAN24	252.98	33.51	37.73	18.79	18.83	2.53	2.57	2.62	2.63	2.59
NGAM24	2.307	71.86	65.51	70.59	83.64	2.22	2.11	2.06	2.06	2.08
NGAN24	2.543	69.21	62.94	67.02	79.73	2.49	2.41	2.37	2.37	2.38

Calculations based on previous session. Data collected 05/09/2024

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	78.59	79.16	79.48	80.05	80.37
CLAN24	Crude Oil	78.14	78.69	79.00	79.55	79.86
HOAM24	Heating Oil	244.72	246.37	248.69	250.34	252.66
HOAN24	Heating Oil	246.22	247.85	249.98	251.61	253.73
RBAM24	RBOB Gas	251.31	253.17	254.86	256.72	258.41
RBAN24	RBOB Gas	249.79	251.49	252.77	254.47	255.75
NGAM24	Natural Gas	2.107	2.225	2.270	2.388	2.433
NGAN24	Natural Gas	2.398	2.481	2.521	2.604	2.644

Calculations based on previous session. Data collected 05/09/2024

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