



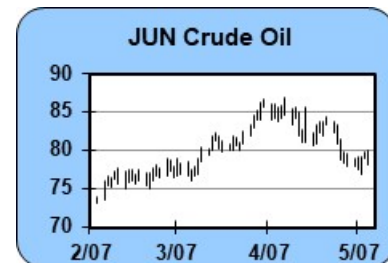
DAILY ENERGY COMPLEX COMMENTARY Monday May 13, 2024

DAILY ENERGY COMPLEX COMMENTARY 5/13/2024

Middle East events secondary to US interest rate focus

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +37, HEATING OIL +179, UNLEADED GAS +159**

CRUDE OIL MARKET FUNDAMENTALS: Clearly, the charts in the crude oil market favor the bear camp with the recent attempt to rally off escalating Israeli military activity quickly reversed and positioning data showing hedge funds exiting crude oil longs. Fortunately for the bull camp crude oil in floating storage fell 11% this week reaching the lowest levels since February 2020, but that supportive development is heavily offset by fears of supply backing up inside the US. It is not a difficult call to suggest the coming sessions will see significant price volatility, as Hamas has indicated the peace talks are back to square one and the international community is having difficulty keeping the semblance of talks alive. However, with Israel and Hamas fortifying positions around Rafah, fighting is likely to intensify. In a development over the weekend, the US has indicated Israel may have violated international law, and we suspect international pressure on Israel to halt the attacks will escalate dramatically with the press reporting 34,000 Palestinians killed in the seven month old attack of Gaza. In retrospect, the bull camp should be heartened by favorable Chinese and Indian energy demand news recently but partially undermined by recent evidence of soft US energy demand. Unfortunately for the bull camp, the supply situation in the US favors the bears with burdensome US Gulf Coast crude inventories and eastern seaboard diesel stocks nearing storage capacity. Therefore, without a significant explosion of geopolitical angst in the Middle East involving Iran, the bear camp has the supply and demand edge. Fortunately for the bull camp crude oil has a relatively balanced spec and fund long positioning which could increase the potential to respect consolidation low support at \$77.50. The Commitments of Traders report for the week ending May 7th showed Crude Oil Managed Money traders reduced their net long position by 55,038 contracts to a net long 117,651 contracts. Non-Commercial & Non-Reportable traders are net long 272,396 contracts after net selling 48,686 contracts.



PRODUCT MARKET FUNDAMENTALS: While the sharp washout last Friday partially factors in the bearish US gasoline inventory situation, the potential for Chinese expanded gasoline exports, ongoing US gasoline imports from Europe and signs of soft high-frequency US traffic congestion data leaves bear camp with an edge. In fact, US implied gasoline demand has not shown a typical seasonal upswing yet, but fortunately for the bull camp, the US refinery operating rate remains significantly below 2023 levels potentially holding gasoline inventories down long enough for seasonal demand to kick in. Initial and unreliable support in gasoline today is \$2.4826 with a trade back above \$2.5690 needed to signal an upside reversal. The Commitments of Traders report for the week ending May 7th showed Gas (RBOB) Managed Money traders reduced their net long position by 18,909 contracts to a net long 48,877 contracts. Non-Commercial & Non-Reportable traders reduced their net long position by 16,963 contracts to a net long 62,621 contracts. The Commitments of Traders report for the week ending May 7th showed Heating Oil Managed Money traders went from a net short to a net long position of 3,079 contracts after net buying 4,720 contracts. Non-Commercial & Non-Reportable traders are net long 21,734 contracts after net buying 5,039 contracts.

NATURAL GAS: With the major run in the first half of May not specifically attached to a primary supply or demand theme, we suspect a major portion of the gains were forged on short covering from long duration short

positions. In other words, with the shoulder season in the northern hemisphere coming to an end, cooling demand is likely to pick up and those short the market should be poised to move to the sidelines. In fact, with last week's injection leaving US inventories at a 33% surplus of five year average storage levels, the market has indeed factored in significant negative information. However, with Ukraine and Russia increasingly targeting energy infrastructure and in particular Ukrainian electric grid facilities, the prospect of an interruption of gas flow to Europe should not be discounted! Natural Gas positioning in the Commitments of Traders for the week ending May 7th showed Managed Money traders net bought 46,502 contracts and are now net short 57,266 contracts. Non-Commercial & Non-Reportable traders are net short 121,002 contracts after net buying 12,457 contracts. Initial resistance is \$2.392 with a downside reversal seen with a trade below \$2.167.

TODAY'S MARKET IDEAS:

The week ahead could present extreme volatility with very wide swings in prices as the Middle East situation is obviously extremely hot and could threaten key supplies at any given minute. However, without Middle East supply threats, current market fundamentals give the bear camp a slight edge as the markets have shown a propensity to embrace the prospects of rising US supply and somewhat disappointing US energy demand.

NEW RECOMMENDATIONS:

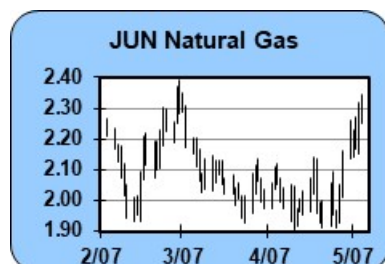
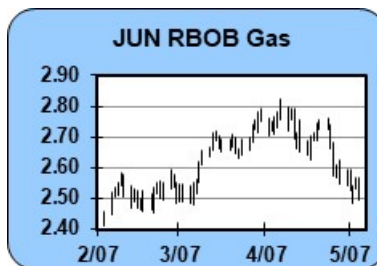
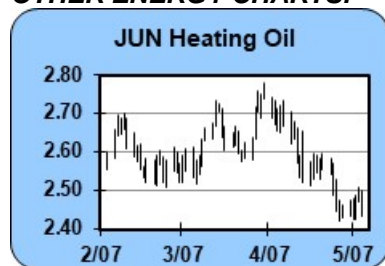
None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/30/2024 - 5/7/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Energies						
Crude Oil	222,410	-51,590	-272,396	+48,685	49,986	+2,904
Heating Oil	7,875	+4,640	-21,735	-5,041	13,859	+399
Natural Gas	-136,608	+14,847	121,002	-12,456	15,606	-2,390
Gas (RBOB)	52,559	-15,106	-62,620	+16,963	10,062	-1,857

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) 05/13/2024: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close below the 9-day moving average is a negative short-term indicator for trend. The outside day down and close below the previous day's low is a negative signal. The market is in a bearish position with the close below the 2nd swing support number. The next upside target is 80.45. The next area of resistance is around 79.19 and 80.45, while 1st support hits today at 77.43 and below there at 76.94.

HEATING OIL (JUN) 05/13/2024: 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 below the 9-day moving average is a negative short-term indicator for trend. The market is in a bearish position with the close below the 2nd swing support number. The next upside objective is 251.96. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 246.88 and 251.96, while 1st support hits today at 239.96 and below there at 238.11.

RBOB GAS (JUN) 05/13/2024: 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. The outside day down is somewhat negative. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 244.65. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 254.06 and 259.02, while 1st support hits today at 246.88 and below there at 244.65.

NATURAL GAS (JUN) 05/13/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was under the swing pivot. The next upside objective is 2.371. The next area of resistance is around 2.302 and 2.371, while 1st support hits today at 2.206 and below there at 2.179.

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	78.31	31.70	36.62	17.72	19.77	78.74	79.05	80.89	81.67	80.54
CLAN24	77.89	31.24	36.42	17.47	19.13	78.32	78.60	80.32	81.04	79.92
HOAM24	243.42	26.24	31.55	16.72	17.00	2.46	2.46	2.51	2.60	2.59
HOAN24	244.93	27.09	32.36	16.58	16.77	2.48	2.48	2.52	2.60	2.59
RBAM24	250.47	27.68	33.25	16.66	13.92	2.53	2.57	2.64	2.67	2.63
RBAN24	248.94	28.66	34.13	17.81	15.84	2.51	2.54	2.60	2.63	2.59
NGAM24	2.254	65.06	61.24	74.15	81.63	2.24	2.14	2.07	2.06	2.09
NGAN24	2.482	60.11	57.53	70.41	77.18	2.49	2.42	2.38	2.37	2.38

Calculations based on previous session. Data collected 05/10/2024
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	76.93	77.43	78.69	79.19	80.45
CLAN24	Crude Oil	76.55	77.03	78.25	78.73	79.95
HOAM24	Heating Oil	238.10	239.95	245.03	246.88	251.96
HOAN24	Heating Oil	239.81	241.58	246.49	248.27	253.17
RBAM24	RBOB Gas	244.64	246.87	251.83	254.06	259.02
RBAN24	RBOB Gas	243.80	245.74	250.20	252.14	256.60
NGAM24	Natural Gas	2.179	2.206	2.275	2.302	2.371
NGAN24	Natural Gas	2.417	2.439	2.503	2.525	2.589

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