



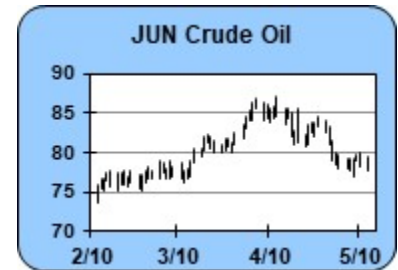
## DAILY ENERGY COMPLEX COMMENTARY Tuesday May 14, 2024

### DAILY ENERGY COMPLEX COMMENTARY 5/14/2024

#### Middle East events secondary to US interest rate focus

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):  
CRUDE -12, HEATING OIL -7, UNLEADED GAS -152**

**CRUDE OIL MARKET FUNDAMENTALS:** At least in the early trade today energy prices are likely to be impacted by big picture macroeconomic signals from the first of two key US inflation readings. Fortunately for the bull camp, the charts remain constructive with uptrend channel support in July crude oil today tested and respected early on at \$75.61. The bull camp also has the buttress of a strong oil demand growth forecast from OPEC, OPEC projections its April oil output fell by 48,000 barrels per day and predicting non-OPEC oil production falling by 198,000 barrels per day last month. In a supportive development for WTI, an analyst on Reuters overnight suggested Asian refinery margins have shifted to favor importing crude oil from the Americas. However, that favorable margin shift could easily be negated with a noted strengthening of the US dollar. Furthermore, predictions from the US call for US shale output to hit a six month high next month. However, there are several crosscurrents operating in the petroleum markets with geographical supply imbalances and global demand differentials likely to add a measure of volatility to prices regardless of the situation in the Middle East. The market was technically oversold into the early May low, with crude oil prices trading \$10 per barrel below the April highs and at a level where the trade has found support in the past. Fortunately for the bull camp, global crude oil in floating storage fell by 11% on a week over week basis and the trade generally expects OPEC to extend production restraint through the third quarter. In other words, fundamentals are contributing to the prospect of a strong value zone in July crude oil around \$75.61 especially with the net spec and fund long reduced significantly from the levels seen in early April.



**PRODUCT MARKET FUNDAMENTALS:** We are surprised to see July gasoline spike higher overnight and reach the highest level since September 27th of 2023! However, gasoline might be focusing on long-term developments with the crack margin in New York the weakest in 13 months which combined with 11.5% of US refinery capacity already idled could provide the potential for tightening US gasoline supplies later this year. However, the bear camp should be emboldened by recent indications the Russian gasoline export ban may come to an end after the new government is in place, especially with all three major product categories in the weekly EIA inventory report holding surpluses to year ago levels. We suspect the focus of the gasoline trade will become more intense on the demand side of the equation with weekly implied demand managing only one reading above 9 million barrels per day this year. On the other hand, predictions that the US will see the largest Memorial Day travel of the post-pandemic era could help the bull camp respect consolidation support of \$2.4795 basis the July contract and allow for more near term gains.

**NATURAL GAS:** In retrospect, chart action in natural gas yesterday remained in favor of the bull camp following yesterday's resounding rejection of an early dip in prices with the June contract at times managing to trade \$0.13 above the early low! Obviously, a pattern of short covering from long held short positions was underway, but it appears the bias has reversed to the downside this morning. Undermining the gas market today is a week over week 5.4% jump in LNG on floating storage, slightly cooler recent US temperatures and the prospect of an increase in US gas production next month. However, the gas market should be cushioned against the current slide from the US forecast calling for increased cooling degree days in the Northwest, California, Southwest, Gulf Coast, Florida, and the Tennessee Valley throughout the next week. Support in the July natural gas contract is

\$2.43 and then down again at \$2.36.

### **TODAY'S MARKET IDEAS:**

Despite residual energy demand concerns, projections of a jump in US shale production for next month, a significant overbought technical condition in gasoline futures and options, the bias in petroleum prices is up with gasoline prices becoming the leadership market. In the end, fundamentals early today are contributing to the prospect of a strong value zone in July crude oil around \$75.61. In gasoline prediction of the largest Memorial Day travel of the post-pandemic era could project gasoline prices toward \$2.55.

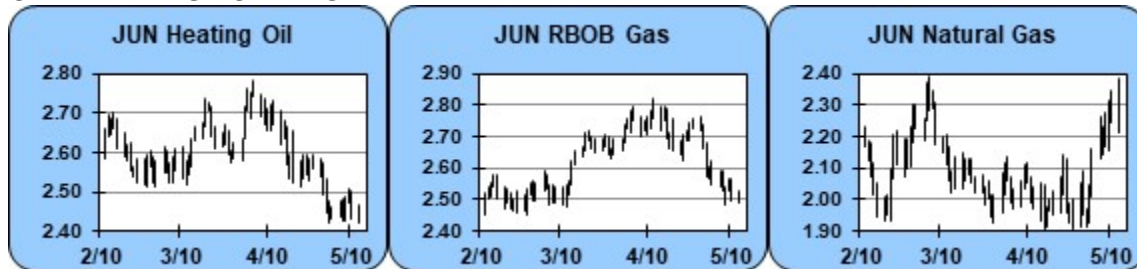
### **NEW RECOMMENDATIONS:**

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) 05/14/2024:** Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside target is at 80.59. The next area of resistance is around 79.98 and 80.59, while 1st support hits today at 78.28 and below there at 77.18.

**HEATING OIL (JUN) 05/14/2024:** The daily stochastics have crossed over down which is a bearish indication. 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 upside daily closing price reversal gives the market a bullish tilt. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 239.87. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 246.21 and 248.64, while 1st support hits today at 241.83 and below there at 239.87.

**RBOB GAS (JUN) 05/14/2024:** 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 daily closing price reversal up is a positive indicator that could support higher prices. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 247.27. The next area of resistance is around 253.40 and 255.26, while 1st support hits today at 249.40 and below there at 247.27.

**NATURAL GAS (JUN) 05/14/2024:** Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. A positive signal was given by the outside day up. A positive setup occurred with the close over the 1st swing resistance. The next upside target is 2.503. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 2.453 and 2.503, while 1st support hits today at 2.283

and below there at 2.164.

**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	79.13	40.55	41.74	19.38	22.85	78.91	78.73	80.72	81.72	80.57
CLAN24	78.63	40.09	41.54	19.05	22.21	78.46	78.30	80.16	81.09	79.96
HOAM24	244.02	27.37	32.15	15.99	14.50	2.46	2.45	2.51	2.60	2.59
HOAN24	245.65	28.63	33.17	15.88	14.49	2.47	2.47	2.52	2.60	2.59
RBAM24	251.40	31.18	35.25	15.16	12.60	2.52	2.55	2.63	2.67	2.63
RBAN24	250.10	32.17	36.21	17.03	15.48	2.50	2.52	2.59	2.63	2.59
NGAM24	2.368	71.86	66.52	78.49	87.30	2.28	2.18	2.09	2.06	2.09
NGAN24	2.575	69.02	63.98	75.47	85.45	2.52	2.45	2.39	2.38	2.39

Calculations based on previous session. Data collected 05/13/2024  
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**DAILY SWING STATISTICS**

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>ENERGY COMPLEX</b>						
CLAM24	Crude Oil	77.17	78.27	78.88	79.98	80.59
CLAN24	Crude Oil	76.76	77.81	78.40	79.45	80.03
HOAM24	Heating Oil	239.86	241.82	244.25	246.21	248.64
HOAN24	Heating Oil	241.51	243.49	245.83	247.81	250.15
RBAM24	RBOB Gas	247.26	249.40	251.26	253.40	255.26
RBAN24	RBOB Gas	245.88	248.07	249.93	252.12	253.98
NGAM24	Natural Gas	2.163	2.283	2.333	2.453	2.503
NGAN24	Natural Gas	2.403	2.503	2.546	2.646	2.689

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