



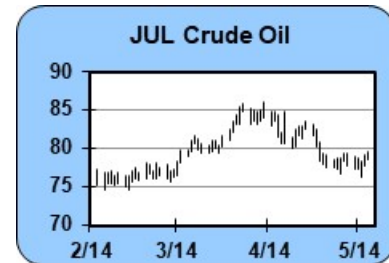
DAILY ENERGY COMPLEX COMMENTARY Monday May 20, 2024

DAILY ENERGY COMPLEX COMMENTARY 5/20/2024

The petroleum bias remains up with a reversal in natural gas

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE +17, HEATING OIL -2, UNLEADED GAS +39**

CRUDE OIL MARKET FUNDAMENTALS: With the correction last week resulting in a temporary two month low, the market aggressively rejecting that failure and extending on the upside today, the charts clearly remain in the favor the bull camp. While it is difficult to separate extra special supply-threatening events in the Middle East, fighting has intensified and is more open with both sides of the argument embraced throughout the world. However, the Saudis have reportedly stepped in to attempt to mediate the conflict in Gaza, but historically fighting in Middle East is not easily solved. In minimal supportive developments, a Chinese bound oil tanker was hit by a Yemeni terrorist's missile in the Red Sea, the Saudis saw March output decline versus February and the trade has seen signs of a slight tightening of the oversupply situation in the US. On the other hand, tightening EIA inventories are not yet a trend with only two weeks of modest EIA crude outflows of 1.3 million barrels and 2.5 million barrels. However, EIA crude oil inventories are at a 10 million barrel deficit to year ago levels and are 17 million barrels below the five-year average. It should also be noted that the US dollar last week reached the lowest level since early March and that could help increase US exports. Negating the signs of tightening supply in the US is news that weekly crude oil in global floating storage increased by 15% last week. From a technical perspective, the net spec and long in crude oil was probably brought down from the COT report figures into last Thursday's low and therefore crude oil should have significant speculative buying capacity. The Commitments of Traders report for the week ending May 14th showed Crude Oil Managed Money traders were net long 128,746 contracts after increasing their already long position by 11,095 contracts. Non-Commercial & non-reportable traders reduced their net long position by 10,445 contracts to a net long 261,951 contracts. With the recent upgrade in Chinese economic expectations, it is possible the crude oil bulls could see fresh support from the demand side of the equation this week. We see key support in July crude oil today at \$78.58, with upside targeting seen at \$80.74 and then again up at \$81.30.



PRODUCT MARKET FUNDAMENTALS: While the gasoline market does not have as bullish of a fundamental set up as crude oil, last week's price action suggests gasoline has become the leadership market. Holding back the gasoline market is the startup of a Mexican refinery, a short-term overbought technical condition, and somewhat anemic US implied gasoline demand. Implied gasoline demand has been at levels below year ago since April 12th. However, the net spec and fund long in gasoline in the last report was still 40,000 contracts below the high less than one month ago which in turn is basically half of the recent record net long. The Commitments of Traders report for the week ending May 14th showed Gas (RBOB) Managed Money traders net sold 4,579 contracts and are now net long 44,298 contracts. Non-Commercial & non-reportable traders are net long 56,017 contracts after net selling 6,604 contracts. Unfortunately for the bull camp in products, both gasoline and diesel inventories in the US hold moderate year-over-year surpluses. Heating Oil positioning in the Commitments of Traders for the week ending May 14th showed Managed Money traders net bought 1,248 contracts and are now net long 4,327 contracts. Non-Commercial & non-reportable traders net sold 3,663 contracts and are now net long 18,071 contracts.

NATURAL GAS: With the upside breakout in July natural gas to the highest level since January 17th on Friday,

the bull camp looked to have garnered fresh buying interest beyond short covering of what has been a very long held net spec and fund short. The May 14th Commitments of Traders report showed Natural Gas Managed Money traders were net short 12,701 contracts after decreasing their short position by 44,565 contracts. Non-Commercial & non-reportable traders reduced their net short position by 16,058 contracts to a net short 104,944 contracts. While the threat of a halt of pipeline supply flow may not be significant, seeing the Ukrainian power grid severely damaged (particularly in the region supplying pipeline power) would likely send a shudder through Europe of fear of a lack of power for cooling. Therefore, it is likely that European buying for refilling of storage is in full swing, with the rally in May not deterring buyers given the historic low levels to begin with. However, Asian LNG prices have reached 2024 highs off supply production problems in Malaysia and ongoing and atypical high US seasonal cooling degree days Near-term upside targeting might have been the overnight high with secondary targeting seen at the bottom of a gap at \$2.8390. Uptrend channel support in July natural gas today is \$2.6845 but early action suggests more selling today.

TODAY'S MARKET IDEAS:

With the Russians seemingly making headway against Ukraine, that creates the potential for additional sanctions and or damage to energy infrastructure in the region has increased. While the threat against supply in Ukraine is more significant in natural gas/LNG, Ukraine may have increase attacks on Russian energy supply to stem Russian military progress. As indicated already, the intense fighting in the Middle East also raises supply threat concerns and it appears that the market view toward energy Chinese demand is improving and could improve rapidly given the approach of the summer driving season. We see key support in July crude oil today at \$78.58 with upside targeting seen at \$80.34 and then again up at \$80.90. Near-term upside targeting in July RBOB is \$2.5896.

NEW RECOMMENDATIONS:

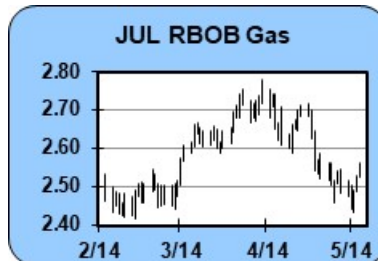
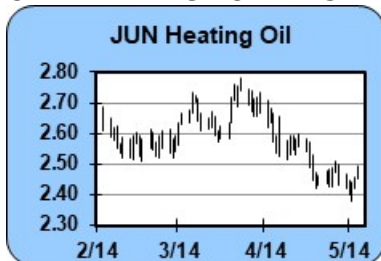
None.

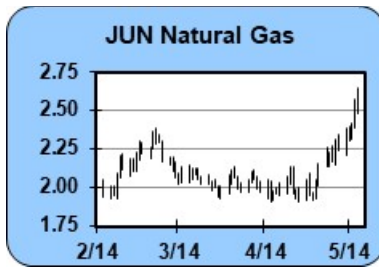
PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/7/2024 - 5/14/2024						
	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Energies						
Crude Oil	209,495	-12,915	-261,950	+10,446	52,456	+2,470
Heating Oil	10,388	+2,513	-18,071	+3,664	7,683	-6,176
Natural Gas	-117,147	+19,461	104,943	-16,059	12,203	-3,403
Gas (RBOB)	48,496	-4,063	-56,017	+6,603	7,521	-2,541

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 (JUL) 05/20/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 80.39. The next area of resistance is around 80.04 and 80.39, while 1st support hits today at 78.96 and below there at 78.23.

HEATING OIL (JUL) 05/20/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside target is at 253.51. The next area of resistance is around 252.31 and 253.51, while 1st support hits today at 248.27 and below there at 245.42.

RBOB GAS (JUL) 05/20/2024: 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 market's short-term trend is positive on the close above the 9-day moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside objective is 259.02. The next area of resistance is around 257.83 and 259.02, while 1st support hits today at 253.97 and below there at 251.31.

NATURAL GAS (JUL) 05/20/2024: 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. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 2.901. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 2.858 and 2.901, while 1st support hits today at 2.722 and below there at 2.630.

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										
CLAN24	79.50	51.89	48.57	25.62	33.17	78.51	78.43	79.45	81.16	80.10
CLAQ24	79.02	52.46	49.01	25.77	33.67	78.04	77.97	78.90	80.48	79.43
HOAN24	250.29	52.54	46.64	22.69	33.39	2.46	2.47	2.49	2.59	2.58
HOAQ24	251.54	52.83	47.17	23.22	34.08	2.47	2.48	2.50	2.59	2.58
RBAN24	255.90	52.06	48.54	20.66	29.00	2.51	2.51	2.56	2.63	2.59
RBAQ24	252.62	53.00	49.44	22.51	30.95	2.48	2.48	2.52	2.58	2.55
NGAN24	2.790	78.81	72.42	87.16	92.03	2.67	2.58	2.46	2.40	2.41
NGAQ24	2.836	76.82	70.67	85.99	91.14	2.73	2.66	2.56	2.50	2.51

Calculations based on previous session. Data collected 05/17/2024

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						
CLAN24	Crude Oil	78.23	78.96	79.31	80.04	80.39
CLAQ24	Crude Oil	77.81	78.50	78.84	79.53	79.87
HOAN24	Heating Oil	245.41	248.26	249.46	252.31	253.51
HOAQ24	Heating Oil	247.16	249.71	250.81	253.36	254.46
RBAN24	RBOB Gas	251.30	253.96	255.16	257.83	259.02
RBAQ24	RBOB Gas	248.31	250.82	251.90	254.41	255.49
NGAN24	Natural Gas	2.629	2.722	2.765	2.858	2.901
NGAQ24	Natural Gas	2.709	2.782	2.816	2.889	2.922

Calculations based on previous session. Data collected 05/17/2024

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