



## DAILY ENERGY COMPLEX COMMENTARY

Tuesday May 21, 2024

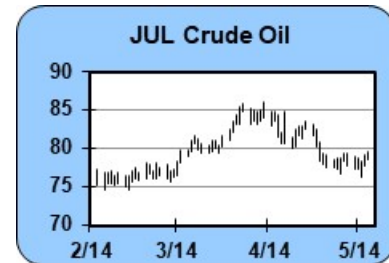
### DAILY ENERGY COMPLEX COMMENTARY

5/21/2024

The petroleum bias remains up with more gains in natural gas

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**CRUDE -114, HEATING OIL -278, UNLEADED GAS -317**

**CRUDE OIL MARKET FUNDAMENTALS:** With a fresh low early today and the failure to hold the upside breakout yesterday, the charts discourage the bull camp. Unfortunately for the bull camp, a decline in March Saudi Arabia oil production was more than offset by a nine month high in Saudi oil exports. Fortunately signs of strong and growing Indian demand were noted from Indian government requests overnight that state run refiners and the country's largest conglomerate should secure long term supply deals with Russia! Furthermore, the bull camp should be heartened by a 1.8% decline in Russian oil output in the January through April timeframe. In a sign of narrower trading ranges ahead and perhaps a minimal bearish signal, volatility measures in the energy trade have declined to the lowest level since 2019. In fact, Brent prompt spreads fell to the weakest level since early January suggesting a bearish or lack of interest trade. On the other hand, the kickoff of the north American summer driving season looms with at least one major US auto club predicting record road travel this summer. Furthermore, with extremely expensive airfares (potentially pushed even higher from a lack of new planes from Boeing) there could be added incentive to vacation by car. From the supply side of the equation, EIA crude oil stocks have posted surprise declines over the last two weeks and while the outflows were not significant, if they continue, that should provide July crude oil with the capacity to respect consolidation support just under \$78.00. In fact, 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. Partially 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 see long liquidation selling slow ahead buying.



**PRODUCT MARKET FUNDAMENTALS:** The bear camp starts with an edge in gasoline today with reports of an increase in Chinese gasoline production and reports of a temporary export of Russian gasoline which comes despite a ban on Russian gasoline exports. While the gasoline market failed to hold a higher high yesterday, seasonal demand chatter has started to flow especially with one of the largest US driving holidays in sight. Unfortunately for the bull camp the US has seen significant gasoline imports from Europe thereby leaving EIA gasoline inventories with a year-over-year surplus of 9.4 million barrels. On the other hand, recent EIA gasoline stocks had a deficit versus the five-year average inventory level of 3 million barrels. While seasonal implied gasoline demand typically rises consistently starting in the beginning of the year, US implied gasoline demand readings have underperformed over the prior five weeks and should be at 9.4 million barrels per day on their way to the seasonal high at the end of next month. Uptrend channel support in July gasoline today is far off the market down at \$2.442 with a closer in pivot point seen at \$2.4847.

**NATURAL GAS:** Despite signs of vulnerability early in the Monday trade, the bull camp has extended its control and that in turn is likely to force ongoing short covering buying. In our opinion, the natural gas market is likely seeing aggressive inventory rebuilding with those attempting to replenish winter depleted supplies becoming aggressive despite a very significant May jump in pricing. In other words, current natural gas prices appear to be

expensive relative to early 2024 price action but are in reality very cheap compared to history. Ongoing strength is likely with global LNG on floating storage down 7.7% versus last week. Even the demand side of the equation is supportive with forecasts calling for US cooling degree days to be 17 degrees above normal into this Saturday. Aggressive Russian targeting of Ukrainian power infrastructure is also supportive as Russia has two major pipelines flowing through the center of Ukraine from East to West. While Russia could have shut down supply through the pipeline at any time over the last year, they could indirectly shut down supply with major power disruptions. Furthermore, the Russians have warned the US about the ramifications of a "proxy war" after the Russians said a recent Russian refinery strike was carried out by a sophisticated US missile and that in turn could force Russia into more draconian actions.

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

While some analysts see signs global energy demand is improving (according to Middle East supply flow data) weekly EIA demand statistics have been sloppy over the last five weeks. Therefore, this week's EIA report should take on more importance, but we also think a decline in volatility favors the bear camp. Uptrend channel support in July gasoline today is far off the market down at \$2.4420 with a closer in pivot point seen at \$2.5047. Close in support in July crude today is \$78.58 and then again down at \$77.75.

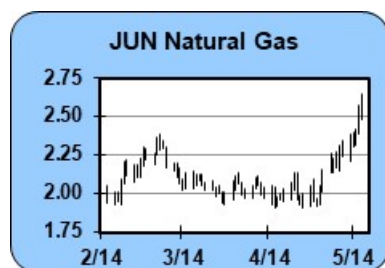
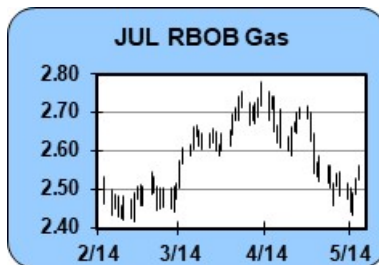
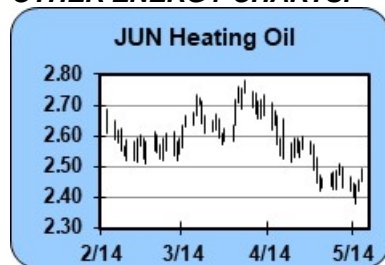
#### **NEW RECOMMENDATIONS:**

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 (JUL) 05/21/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 80.72. The next area of resistance is around 79.89 and 80.72, while 1st support hits today at 78.46 and below there at 77.85.

HEATING OIL (JUL) 05/21/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal down is a negative indicator for prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside objective is at 254.29. The next area of resistance is around 252.12 and 254.29, while 1st support hits today at 247.62 and below there at 245.30.

RBOB GAS (JUL) 05/21/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down puts the market on the defensive. The market setup is somewhat negative with the close under the 1st swing support. The next upside target is 258.76. The next area of resistance is around 255.32 and 258.76, while 1st support hits today at 249.89 and below there at 247.88.

NATURAL GAS (JUL) 05/21/2024: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 2.990. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 2.955 and 2.990, while 1st support hits today at 2.835 and below there at 2.750.

## 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>										
CLAN24	79.18	49.98	47.53	30.96	41.37	78.95	78.58	79.29	81.15	80.17
CLAQ24	78.79	50.12	47.74	31.36	42.20	78.47	78.10	78.76	80.48	79.50
HOAN24	249.87	53.12	47.02	30.03	44.71	2.48	2.47	2.49	2.58	2.58
HOAQ24	251.20	53.51	47.62	30.71	45.69	2.49	2.48	2.50	2.59	2.58
RBAN24	252.61	46.21	44.88	24.90	33.41	2.52	2.51	2.56	2.62	2.60
RBAQ24	250.01	47.90	46.29	27.15	36.43	2.49	2.48	2.52	2.58	2.55
NGAN24	2.895	82.71	76.01	89.65	94.70	2.75	2.63	2.49	2.41	2.42
NGAQ24	2.927	81.37	74.72	88.85	94.58	2.80	2.70	2.59	2.51	2.52

Calculations based on previous session. Data collected 05/20/2024

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>						
CLAN24	Crude Oil	77.84	78.45	79.28	79.89	80.72
CLAQ24	Crude Oil	77.55	78.12	78.88	79.45	80.21
HOAN24	Heating Oil	245.29	247.62	249.79	252.12	254.29
HOAQ24	Heating Oil	246.93	249.08	251.17	253.32	255.41
RBAN24	RBOB Gas	247.87	249.88	253.32	255.32	258.76
RBAQ24	RBOB Gas	245.79	247.64	250.53	252.38	255.27
NGAN24	Natural Gas	2.750	2.835	2.870	2.955	2.990
NGAQ24	Natural Gas	2.795	2.872	2.905	2.981	3.015

Calculations based on previous session. Data collected 05/20/2024

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