



DAILY ENERGY COMPLEX COMMENTARY

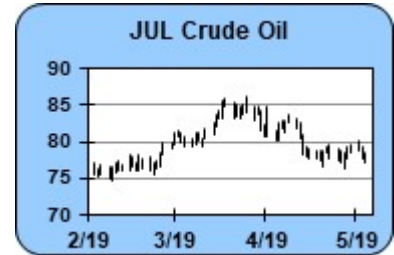
Thursday May 23, 2024

DAILY ENERGY COMPLEX COMMENTARY

5/23/2024

The petroleum bias remains down in natural gas bias remains up

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -2, HEATING OIL -29, UNLEADED GAS +86



CRUDE OIL MARKET FUNDAMENTALS: While the energy markets managed to reject a six-day low again overnight, and surprisingly held above the early lows following a bearish weekly EIA inventory report yesterday morning the bias in the market is pointing down. However, US implied gasoline demand picked up and that should have served to countervail disappointing inflows to API and EIA crude stocks this week. Certainly, a measure of bearishness this morning is the result of another higher high in the dollar and the emergence of a slightly hawkish US Fed bias. Another sign of bearish sentiment toward crude is ongoing weakness despite a decline in weekly US oil imports and an increase in US oil exports. Furthermore, the highest refinery operating rate since the second week of December should have underpinned crude oil prices around what is becoming a noted consolidation support zone of \$77.50. In fact, the credibility of the \$77.50 support level is enhanced by the overnight rejection of pricing below that level. EIA crude stocks rose 1.825 million barrels and are 3.677 million barrels above year ago levels. Also, crude stocks stand 14.005 million barrels below the five-year average. Crude oil imports for the week stood at 6.663 million barrels per day compared to 6.744 million barrels the previous week. The refinery operating rate was 91.7%, up 1.3% from last week compared to 91.7% last year and the five-year average of 86.1%.

PRODUCT MARKET FUNDAMENTALS: While it will take more than one week's improvement in US implied gasoline demand to temper overall energy demand concerns, expanding seasonal demand is likely to make that more likely in the weeks ahead. The US implied gasoline demand reading of 9.31 million barrels per day was at the highest levels since the end of October and that demand should continue to expand with the beginning of the US summer driving season next week. EIA gasoline stocks fell 945,000 barrels and are 10.545 million barrels above last year and 4.113 million below the five-year average. Average total gasoline demand for the past four weeks was down 1.8% compared to last year. Gasoline imports came in at 773,000 barrels per day compared to 726,000 barrels the previous week. Fortunately for the bull camp, the net spec and fund long in gasoline has fallen from significantly overbought levels two weeks ago and with this week's slide, stop-loss selling should slow and bargain hunting buying should surface soon. Near-term downside targeting in July gasoline is \$2.44 and then again down at \$2.4324. EIA distillate stocks rose 379,000 barrels and stand at 11.072 million barrels above last year and 9.243 million below the five-year average. Distillate imports came in at 98,000 barrels per day compared to 89,000 barrels the previous week. Average total distillate demand for the past four weeks was down 6.06% compared to last year.

Weekly EIA Petroleum Report						In Million Barrels	
CRUDE OIL		Stocks			Imports	Refinery Capacity(%)	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
5/17/2024	458.845	+1.825	+3.677	472.850	6.663	91.7	
DISTILLATES		Stocks			Imports	Demand	

Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
5/17/2024	116.744	+0.379	+11.072	125.987		3.883	
GASOLINE		Stocks			Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
5/17/2024	226.822	-0.945	+10.545	230.935	0.773	9.315	

NATURAL GAS: Apparently natural gas buyers are not put off by prices sitting \$0.85 above the March lows as market finished very strong yesterday and extended the May rally to \$0.78 overnight. It should be noted that the rally in US prices is not taking place in a vacuum with European gas prices posting five-month highs yesterday. However, as mentioned earlier this week, European cash gas prices at times over the last two years were 10-15 times higher than current prices, and therefore the trade is not seeing as much demand-detering price shock as might be expected. Furthermore, the bull case has been enhanced by evidence that demand for US LNG feed gas for export has increased and is likely to remain beyond capacity in the near-term. This week's Reuters poll projects EIA gas in storage to increase by 82 bcf to 91 BCF which suggests the shoulder season between winter and summer continues, but so far that influence has been discounted. While we suspect the net spec and fund short is nearly liquidated, we suspect fresh commercial buying for physical needs, inventory rebuilding from winter consumption and fresh speculative buying will continue to push prices higher.

TODAY'S MARKET IDEAS:

We leave the edge with the bear camp as energy demand concerns remain in place especially if overall global macroeconomic sentiment remains mixed to soft. We see close-in credible support in July crude oil at \$77.50 and then again down at \$76.63. Near-term downside targeting in July gasoline is \$2.44 and then again down at \$2.4324.

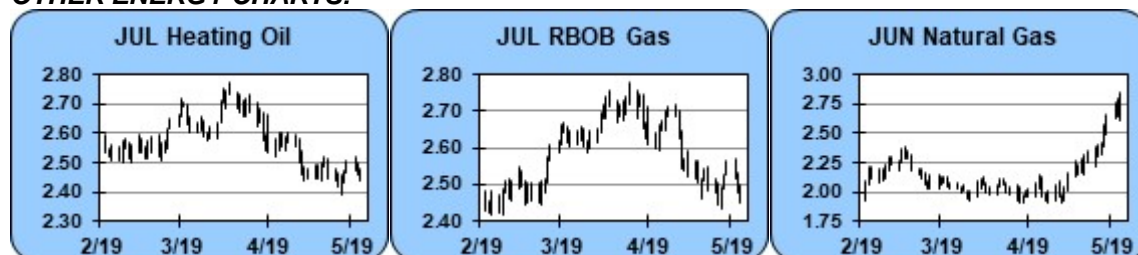
NEW RECOMMENDATIONS:

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) 05/23/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside target is at 78.73. The next area of resistance is around 77.91 and 78.73, while 1st support hits today at 76.77 and below there at 76.44.

HEATING OIL (JUL) 05/23/2024: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is negative as the close remains below

the 9-day moving average. The close below the 1st swing support could weigh on the market. The next upside objective is 249.25. The next area of resistance is around 246.20 and 249.25, while 1st support hits today at 241.92 and below there at 240.70.

RBOB GAS (JUL) 05/23/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside target is at 251.18. The next area of resistance is around 248.16 and 251.18, while 1st support hits today at 243.67 and below there at 242.19.

NATURAL GAS (JUL) 05/23/2024: Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day up is somewhat positive. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 3.240. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 3.146 and 3.240, while 1st support hits today at 2.872 and below there at 2.692.

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	77.34	35.44	38.47	37.63	40.87	78.72	78.43	78.75	81.01	80.22
CLAQ24	76.93	35.54	38.62	38.63	41.96	78.31	77.99	78.27	80.36	79.56
HOAN24	244.06	35.82	37.17	40.14	46.71	2.48	2.46	2.48	2.57	2.58
HOAQ24	245.47	37.09	38.25	41.19	48.40	2.50	2.48	2.49	2.58	2.58
RBAN24	245.92	35.54	37.80	29.13	30.60	2.51	2.50	2.53	2.62	2.60
RBAQ24	243.49	36.30	38.66	32.47	34.89	2.48	2.47	2.50	2.57	2.55
NGAN24	3.009	80.46	75.82	90.70	91.81	2.88	2.72	2.56	2.43	2.44
NGAQ24	3.049	81.70	76.64	90.93	93.93	2.94	2.78	2.65	2.53	2.53

Calculations based on previous session. Data collected 05/22/2024

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	76.43	76.76	77.58	77.91	78.73
CLAQ24	Crude Oil	76.01	76.34	77.18	77.51	78.35
HOAN24	Heating Oil	240.69	241.91	244.97	246.20	249.25
HOAQ24	Heating Oil	242.19	243.38	246.36	247.55	250.53
RBAN24	RBOB Gas	242.19	243.66	246.69	248.16	251.18
RBAQ24	RBOB Gas	239.95	241.33	244.25	245.63	248.54
NGAN24	Natural Gas	2.692	2.872	2.966	3.146	3.240
NGAQ24	Natural Gas	2.748	2.919	3.007	3.178	3.266

Calculations based on previous session. Data collected 05/22/2024

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