



DAILY ENERGY COMPLEX COMMENTARY

Friday May 24, 2024

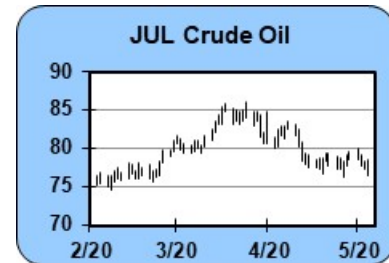
DAILY ENERGY COMPLEX COMMENTARY

5/24/2024

The petroleum bias remains down natural gas bias remains up

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -9, HEATING OIL -48, UNLEADED GAS +12

CRUDE OIL MARKET FUNDAMENTALS: According to market headlines overnight energy markets remain under pressure today because of disappointment over US rate cut prospects (which correlates with energy demand) but supported by the prospect of seasonal demand increases. Unfortunately for the bull camp, the crude oil market does not look to see support from the OPEC plus meeting on June 2nd which leaves bearish chart signals in charge. Furthermore, prices have not found support from a 6.4% year-over-year drop in Mexican April crude oil output. While the crude oil market tried to recover from the new low for the move yesterday, buying interest evaporated and prices fell back down to forge new lows on the day signaling the potential for downside follow-through today. Clearly, concerns of slowing energy demand and this week's increase in EIA and API crude oil supply has prevailed, especially with fresh outside pressure from a higher high in the dollar and from a slight push higher in US treasury yields. We are somewhat surprised that the trade is focused on the prospect of softening US energy demand, especially with a strong summer driving and vacation season beginning next week. Even though we do not see an extension of the OPEC plus production restraint program as a fresh bullish development, continued declines in crude oil pricing could prompt hints of expanding restraint which could bring about a violent bottom next week. From a technical perspective, the net spec and fund long in crude oil has likely been heavily liquidated with the decline in crude oil pricing from the last COT report bringing the overbought position down significantly. From a technical perspective, the next key support in July crude oil is \$76.20 with the inability to hold that level potentially targeting a decline down to \$75.64.



PRODUCT MARKET FUNDAMENTALS: With a fresh lower low for the move in gasoline this morning the bias in gasoline remains down but could be slowed by approaching chart support from last week's low of \$2.4324, by Singapore fuel inventories reaching the lowest level since October 2018 and from a fifth straight decline in Asian gasoline crack margins. Big picture macro pressures have left the bear camp in control of the gasoline market. In fact, with European gasoline inventories breaking a recent developing pattern of weekly declines, with an inflow this week of 7,000 metric tonnes, the bull camp loses out on a supportive fundamental. However, the US implied gasoline demand reading jumped up to the highest levels since December and the kickoff of the US summer driving season should be prompting inventory building within the US distribution chain. Unfortunately for the bull camp, the last COT positioning report was overbought and is probably not liquidated enough to slow stop loss selling on further chart failures. Near-term downside targeting and key pivot point support in gasoline is \$2.4324 today.

NATURAL GAS: With natural gas significantly overbought from this week's low to high rally of \$0.38 and the net spec and fund short likely reduced dramatically, long term short covering/profit taking is likely to slow. Furthermore, the previous two days have posted large range up moves on very active trading and a decline in open interest which supports the idea of a nearing end to short covering. On the other hand, fresh speculative and physical inventory rebuilding has returned. Furthermore, Asian gas prices posted five-month highs this week with hot weather in India boosting electricity generation demand and a supply disruption from Brunei adding to the bull

case. The weekly natural gas storage report showed an injection of 78 bcf. Total storage stands at 2,711 bcf, or 28.8% above the 5-year average. Over the last four weeks, natural gas storage has increased 286 bcf.

EIA Natural Gas Storage Report Summary

In Billion Cubic Feet

Week Of	Week Change	Total Storage	Change From Last Year	4 Week Combined Weekly Change	Percent Change vs 5 Year Average	Percent Change vs 10 Year Average
5/17/2024	78	2711	402	286	28.8%	

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. We see first credible support in July crude oil at \$76.20 and then again down at \$75.64. Near-term downside targeting in July gasoline is \$2.4426 and then again down at \$2.4324.

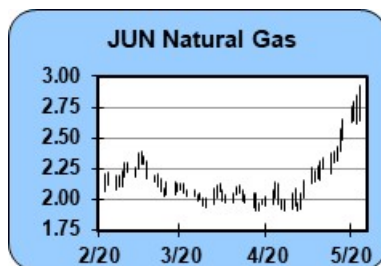
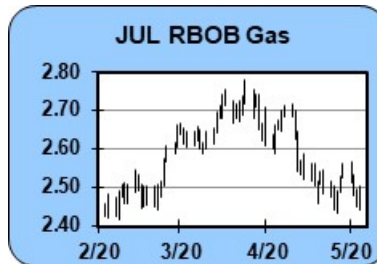
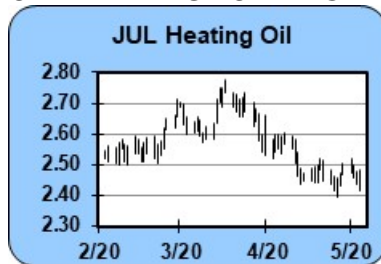
NEW RECOMMENDATIONS:

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) 05/24/2024: A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The outside day down is somewhat negative. The market setup is somewhat negative with the close under the 1st swing support. The next downside objective is 75.01. The next area of resistance is around 78.04 and 79.46, while 1st support hits today at 75.82 and below there at 75.01.

HEATING OIL (JUL) 05/24/2024: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside target is at 251.22. The next area of resistance is around 247.15 and 251.22, while 1st support hits today at 240.39 and below there at 237.70.

RBOB GAS (JUL) 05/24/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 241.05. The next area of resistance is around 249.58 and 252.93, while 1st support hits today at 243.64 and below there at 241.05.

NATURAL GAS (JUL) 05/24/2024: A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 2.720. The next area of resistance is around 3.072 and 3.249, while 1st support hits today at 2.808 and below there at 2.720.

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	76.93	32.95	36.79	37.04	34.78	78.12	78.35	78.48	80.95	80.23
CLAQ24	76.50	32.85	36.77	37.85	35.22	77.71	77.91	78.01	80.30	79.58
HOAN24	243.77	35.06	36.72	41.73	44.06	2.47	2.46	2.47	2.57	2.57
HOAQ24	245.11	33.58	35.98	41.54	42.24	2.48	2.48	2.48	2.57	2.58
RBAN24	246.61	37.32	38.91	29.11	29.10	2.49	2.50	2.52	2.61	2.60
RBAQ24	243.94	37.36	39.32	32.40	32.24	2.46	2.47	2.49	2.57	2.55
NGAN24	2.940	69.52	68.40	89.44	85.42	2.93	2.78	2.60	2.45	2.45
NGAQ24	2.988	69.80	68.37	88.76	84.44	2.97	2.83	2.68	2.54	2.54

Calculations based on previous session. Data collected 05/23/2024

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	75.00	75.81	77.23	78.04	79.46
CLAQ24	Crude Oil	74.63	75.41	76.81	77.59	78.99
HOAN24	Heating Oil	237.70	240.39	244.46	247.15	251.22
HOAQ24	Heating Oil	239.29	241.84	245.83	248.38	252.37
RBAN24	RBOB Gas	241.05	243.64	246.99	249.58	252.93
RBAQ24	RBOB Gas	238.64	241.05	244.40	246.81	250.16
NGAN24	Natural Gas	2.719	2.807	2.984	3.072	3.249
NGAQ24	Natural Gas	2.782	2.863	3.032	3.113	3.282

Calculations based on previous session. Data collected 05/23/2024

Data sources can & do produce bad ticks. Verify before use.

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the

information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.