



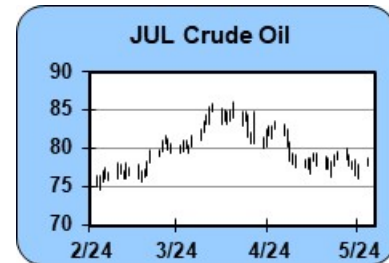
DAILY ENERGY COMPLEX COMMENTARY Tuesday May 28, 2024

DAILY ENERGY COMPLEX COMMENTARY 5/28/2024

Petroleum's returning to consolidation highs not to bull trend

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE +120, HEATING OIL +409, UNLEADED GAS +297**

CRUDE OIL MARKET FUNDAMENTALS: While we are suspicious of the strength in petroleum prices today off the idea that OPEC plus will extend their production restraint program in next week's meeting, it is possible that a thin measure of stop loss buying/short profit-taking buying is combining with a weaker dollar to lift petroleum prices early. In negative news the Saudis are reportedly poised to cut July oil prices to Asia for the first time since the beginning of the year, but intense fighting in Gaza is probably minimal behind-the-scenes support. Another supportive development is the sharp 31% drop in Mexican oil exports last month. However, bullish sentiment toward Brent crude oil continues to drain and the official holiday weekend kickoff to the north American summer driving season has passed. Looking ahead to the delayed release of the EIA inventory report the trade has a slight bearish expectations with last week's inflow to crude oil inventory still on the market's plate. On the other hand, the US refinery operating rate last week reached the third highest reading of the year and the normal upswing in demand for gasoline and jet fuel should add credence that last week's low is an intermediate low. Near-term upside targeting is the May high up at \$80.11. The Commitments of Traders report for the week ending May 21st showed Crude Oil Managed Money traders were net long 172,286 contracts after increasing their already long position by 43,540 contracts. Non-Commercial & non-reportable traders net bought 20,011 contracts and are now net long 281,962 contracts.



PRODUCT MARKET FUNDAMENTALS: We suspect firming US seasonal gasoline demand and positive leadership from crude oil price gains this morning leaves the bull camp in gasoline with slight control, but it appears bullishness for gasoline is much more reserved than toward crude oil. Fortunately for the bull camp implied gasoline demand jumped to a solid 9.31 million barrels per day last week as EIA gasoline inventories have expanded their year-over-year surplus for three straight weeks. However, the gasoline market should be supported by what in retrospect was likely a "mostly liquidated" net spec and fund long into the Friday low (which was six cents below the COT report). The Commitments of Traders report for the week ending May 21st showed Gas (RBOB) Managed Money traders net bought 159 contracts and are now net long 44,457 contracts. Non-Commercial & non-reportable traders are net long 57,596 contracts after net buying 1,579 contracts. While gasoline has a slight upward track today and is approaching the middle of the May consolidation range, we are suspicious of a full return to the upper portion of the last four weeks consolidation. The Commitments of Traders report for the week ending May 21st showed Heating Oil Managed Money traders net bought 4,912 contracts and are now net long 9,239 contracts. Non-Commercial & non-reportable traders are net long 24,936 contracts after net buying 6,865 contracts.

NATURAL GAS: Despite record Texas electricity demand for May, and a bullish shift in sentiment from the first three sessions of last week, the trend in gas has shifted down. A reduction in the amount of a planned Norwegian outage, and severe and fresh chart damage leaves the bear camp in control to start the new trading week. While the net spec and fund short in natural gas has likely rebuilt aggressively since the last report was measured, the net spec and fund short is probably not excessive yet. The May 21st Commitments of Traders report showed Natural Gas Managed Money traders went from a net short to a net long position of 14,455 contracts after net

buying 27,156 contracts. Non-Commercial & non-reportable traders are net short 76,405 contracts after net buying 28,539 contracts. Near-term initial downside targeting in July gas is \$2.67.

TODAY'S MARKET IDEAS:

While the initial bias is pointing up in petroleum markets, the crude oil looks to be the primary leadership market. However, we think the fundamental condition is presenting headwinds and consolidation resistance will contain the rally soon.

NEW RECOMMENDATIONS:

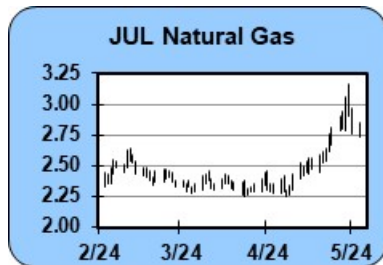
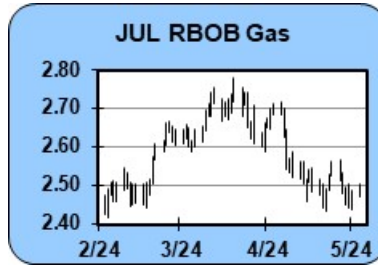
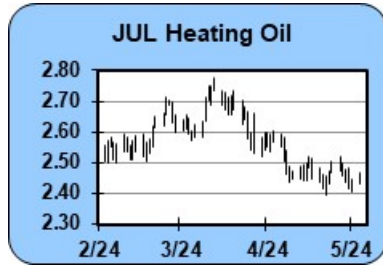
None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/14/2024 - 5/21/2024						
		Non-Commercial		Commercial	Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Energies						
Crude Oil	230,897	+21,402	-281,962	-20,012	51,065	-1,391
Heating Oil	16,840	+6,452	-24,937	-6,866	8,096	+413
Natural Gas	-89,929	+27,218	76,405	-28,538	13,524	+1,321
Gas (RBOB)	47,124	-1,372	-57,596	-1,579	10,472	+2,951

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) 05/28/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is now at 75.54. The next area of resistance is around 78.72 and 79.33, while 1st support hits

today at 76.82 and below there at 75.54.

HEATING OIL (JUL) 05/28/2024: A bearish signal was triggered on a crossover down in the daily stochastics. 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 upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 239.02. The next area of resistance is around 245.37 and 247.05, while 1st support hits today at 241.35 and below there at 239.02.

RBOB GAS (JUL) 05/28/2024: The daily stochastics have crossed over up which is a bullish indication. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 251.99. The next area of resistance is around 250.41 and 251.99, while 1st support hits today at 245.49 and below there at 242.14.

NATURAL GAS (JUL) 05/28/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 2.617. Short-term indicators on the defensive. Consider selling an intraday bounce. The next area of resistance is around 2.870 and 3.018, while 1st support hits today at 2.670 and below there at 2.617.

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	77.77	42.01	42.27	36.71	36.36	77.72	78.26	78.28	80.89	80.25
CLAQ24	77.34	41.08	41.76	37.13	35.89	77.28	77.81	77.82	80.25	79.60
HOAN24	243.36	34.13	36.05	40.07	38.13	2.45	2.46	2.46	2.56	2.57
HOAQ24	244.85	34.14	36.31	40.39	38.09	2.46	2.47	2.48	2.57	2.58
RBAN24	247.95	41.15	41.24	28.80	29.39	2.47	2.49	2.51	2.61	2.60
RBAQ24	245.32	39.22	40.38	31.22	29.97	2.45	2.47	2.48	2.56	2.55
NGAN24	2.770	55.61	58.01	83.22	71.32	2.90	2.79	2.62	2.45	2.45
NGAQ24	2.818	54.70	57.15	82.05	69.14	2.94	2.85	2.70	2.55	2.54

Calculations based on previous session. Data collected 05/24/2024

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	75.53	76.82	77.43	78.72	79.33
CLAQ24	Crude Oil	75.19	76.44	76.99	78.24	78.79
HOAN24	Heating Oil	239.01	241.35	243.03	245.37	247.05
HOAQ24	Heating Oil	240.57	242.87	244.52	246.82	248.47
RBAN24	RBOB Gas	242.13	245.48	247.06	250.41	251.99
RBAQ24	RBOB Gas	239.88	243.01	244.49	247.62	249.10
NGAN24	Natural Gas	2.616	2.669	2.817	2.870	3.018
NGAQ24	Natural Gas	2.668	2.719	2.865	2.916	3.062

Calculations based on previous session. Data collected 05/24/2024

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