



DAILY ENERGY COMPLEX COMMENTARY

Wednesday May 29, 2024

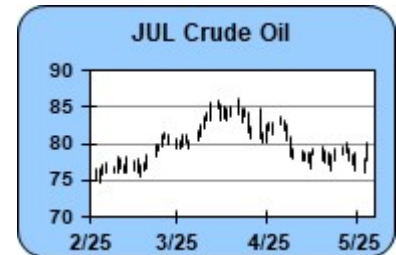
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5/29/2024

Petroleum's returning to consolidation highs not to bull trend

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE +63, HEATING OIL +248, UNLEADED GAS +169

CRUDE OIL MARKET FUNDAMENTALS: While the IMF upward revision in the outlook for China, widespread expectations of an extension of the OPEC plus production restraint agreement and the upside extension on the charts the bull camp has extended its control. However, we are skeptical of significant gains based in part on the mere extension of current production quotas by OPEC+ as that has been widely anticipated for weeks. However, there are several signs of improving demand following a 7% year-over-year jump in Indian April crude oil imports, higher week over week global refinery runs, last week's strong EIA implied gasoline demand reading, and from a minimal upside breakout in last week's EIA implied distillate demand. We suspect crude oil is also drafting minimal support from recent weakness in the dollar, an attack on a ship in the Red Sea, and a pocket of expectations for a decline in tomorrow's EIA crude oil inventories. Issues that provide a measure of headwinds for crude oil today are a 1.4% week over week jump in European crude storage, the upside breakout in global sovereign bond yields and the potential for reduced buying from the approach of the highest prices this month. Even though this week's EIA weekly report is delayed, we see the implied gasoline demand reading as increasingly important to the bull camp as the trade looks for verification that seasonal gasoline demand is rising. On the other hand, recent reports show West African July oil programs could have difficulty selling out as June programs saw soft interest during the normal booking window. This week's Reuters poll projects EIA crude oil inventories to decline by 1.9 million barrels.



PRODUCT MARKET FUNDAMENTALS: Even though the gasoline market has posted a four-day high overnight, it continues to lag crude oil pricing perhaps because of news of very strong global refining activity. This week's Reuters poll projects EIA gasoline inventories to increase by 1 million barrels. However, with the strong EIA implied gasoline demand reading last week the upswing in seasonal demand appears to have started but the bull camp has headwinds from EIA gasoline inventories sitting 10.5 million barrels above year ago levels in the strengthening seasonal demand. From a technical perspective, gasoline might have found a value zone from the charts with the aggressive rejection of last week's slide accompanied by a sharp decline in open interest and a decline in trading volume. Near-term resistance in July gasoline is \$2.5339. With short-term downtrend channel resistance in July gasoline at \$2.5554. This week's Reuters poll pegs by 400,000 barrels.

NATURAL GAS: While US cooling degree days have run well above normal for several weeks and Texas noted record electricity demand, natural gas prices were dramatically overbought from the low to high May rally of \$0.90. Furthermore, we expect this week's EIA working gas in storage report to show another notable inflow which should keep sellers in place as the shoulder season comes to an end! This week's Reuters poll projects natural gas in working storage to increase by 73 to 86 BCF. In a longer-term supportive development, the IEA expects Indian natural gas demand to rise by 7% this year. Key support and targeting in the July gas is \$2.609. With closer in support from the 50% retracement of the May rally at \$2.7080.

TODAY'S MARKET IDEAS:

We see the petroleum markets remaining in a temporary (mostly technical short covering bounce), but also

supported by several bullish fundamental themes. While we are suspicious of some of the bullish fundamentals presenting today, an upward revision in Chinese economic prospects from the IMF is a major assist to the bull camp. Therefore, we see the upward bias extending with initial resistance in July crude oil at \$81.11 and then again at \$82.34.

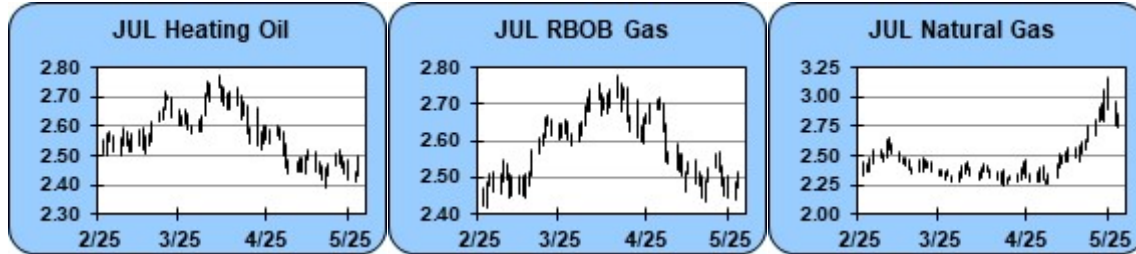
NEW RECOMMENDATIONS:

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) 05/29/2024: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. The daily stochastics have crossed over up which is a bullish indication. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The intermediate trend could be turning up with the close back above the 18-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 near-term upside target is at 82.13. The next area of resistance is around 81.44 and 82.13, while 1st support hits today at 78.88 and below there at 77.00.

HEATING OIL (JUL) 05/29/2024: A bullish signal was given with an upside crossover of the daily stochastics. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 254.57. The next area of resistance is around 252.90 and 254.57, while 1st support hits today at 246.29 and below there at 241.34.

RBOB GAS (JUL) 05/29/2024: The daily stochastics gave a bullish indicator with a crossover up. 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 is an indication the intermediate-term trend has turned positive. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 254.62. The next area of resistance is around 253.19 and 254.62, while 1st support hits today at 248.75 and below there at 245.73.

NATURAL GAS (JUL) 05/29/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up is a positive indicator that could support higher prices. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 2.690. The next area of resistance is around 2.888 and 2.931, while 1st support hits today at 2.768 and below there at 2.690.

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	80.16	59.06	54.09	43.04	55.97	78.08	78.53	78.37	80.90	80.29
CLAQ24	79.68	59.35	54.44	43.48	56.19	77.63	78.09	77.92	80.26	79.65
HOAN24	249.60	52.05	47.35	42.84	48.39	2.45	2.46	2.46	2.56	2.57
HOAQ24	251.02	52.35	47.80	43.15	48.66	2.46	2.48	2.48	2.57	2.57
RBAN24	250.97	46.78	44.75	30.21	34.38	2.47	2.50	2.51	2.61	2.59
RBAQ24	248.82	48.83	46.44	33.58	38.31	2.45	2.47	2.48	2.56	2.55
NGAN24	2.828	58.85	60.29	77.34	65.48	2.89	2.82	2.65	2.47	2.46
NGAQ24	2.870	57.74	59.30	75.68	62.79	2.94	2.87	2.72	2.56	2.55

Calculations based on previous session. Data collected 05/28/2024
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	76.99	78.87	79.56	81.44	82.13
CLAQ24	Crude Oil	76.57	78.42	79.08	80.93	81.59
HOAN24	Heating Oil	241.33	246.28	247.95	252.90	254.57
HOAQ24	Heating Oil	242.94	247.78	249.42	254.26	255.90
RBAN24	RBOB Gas	245.72	248.74	250.17	253.19	254.62
RBAQ24	RBOB Gas	243.20	246.48	247.87	251.14	252.53
NGAN24	Natural Gas	2.689	2.767	2.810	2.888	2.931
NGAQ24	Natural Gas	2.732	2.808	2.854	2.930	2.976

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