



DAILY ENERGY COMPLEX COMMENTARY

Thursday May 30, 2024

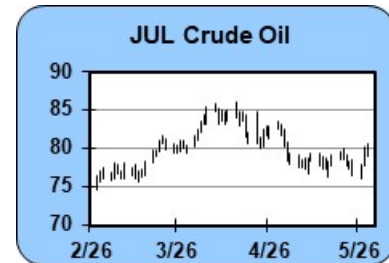
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5/30/2024

The bias in energy markets has shifted down sell EIA rallies

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -42, HEATING OIL -250, UNLEADED GAS -327

CRUDE OIL MARKET FUNDAMENTALS: We think part of the reversal from this week's high is the result of overdone speculative buying from improved global energy demand prospects. However, yesterday afternoon API crude oil stocks reportedly declined by 6.49 million barrels with a minimal decline in API gasoline inventories but that news did not provide a cushion against the early liquidation tilt. On the other hand, energy price action today is likely to be temporarily dominated by macroeconomic signals flowing from a quarterly US PCE report which is likely to drive the dollar and interest rate markets. In a supportive development overnight Asian crude oil imports in May registered a 12 month high but the lion's share of the strong imports was the result of Indian and not Chinese demand. Furthermore, Japanese April crude oil imports reportedly fell by 3.9% and further strength in the dollar is likely to reduce foreign demand for US oil. Another bearish development is news that the Saudis have cut their Arab Light Oil Prices to Asia by \$0.40 for July deliveries! We were surprised with the initial strength in crude oil prices yesterday and think the setback from the highs was justified by strength in the dollar, an upside breakout in US treasury yields and disappointing US scheduled economic data. However, the trade should find support from this week's Reuters poll which projects EIA crude oil inventories to decline by 1.9 million barrels. While a decline in EIA crude oil inventories would soothe market fears of a rebuilding of US crude oil supplies, we see this week's EIA implied gasoline and distillate demand readings as increasingly important to the near-term trend of petroleum prices. Fortunately for the bull camp the IMF upgraded their economic view for China over the next two years and that combined with strong Indian oil imports should underpin global energy demand expectations. It should be noted that Yemeni rebels attacked a ship in the Red Sea earlier this week, slightly elevating risk of a supply disruption in the region. After the close, the API survey said the US crude oil stocks had weekly decline of 6.49 million barrels which was a much larger increase than trade forecasts. As indicated already, today's action is likely to see initial sensitivity to US inflation data with weekly EIA inventory data likely to regain control in the second half of the US trade.



PRODUCT MARKET FUNDAMENTALS: At this point we are more confident a low is in place than we are of a return to recent bull control. On the other hand, the Reuters poll expects gasoline stocks to increase by 1 million barrels and distillate stocks to increase by 400,000 barrels today and that could leave a layer of fundamental resistance hanging over the product markets. The API survey said that US gasoline stocks had a weekly decline of 452,000 barrels which compares to market expectations for a weekly build, while US distillate stocks had a weekly increase of 2.045 million barrels which was a much larger build than trade forecasts. However, with the noted improvement in both gasoline and distillate implied demand readings from the EIA last week, the product markets are likely to be heavily focused on expectations of gradual seasonal demand gains. Consolidation low support in July gasoline today is \$2.417 and to give control back to the bull camp probably requires a trade above \$2.5339.

NATURAL GAS: With the sharp range down extension in natural gas, the return to normal US temperatures might have slowed US inventory building while strength in the dollar and the significant run up in gas prices throughout May might have pushed European buyers back from rebuilding their inventories. This week's Reuters

poll projects EIA natural gas in storage to see an injection within a range of 73 BCF to 86 BCF. From a technical perspective, the July natural gas contract spiked down through the first retracement of the February/May rally and that has been followed by a failure at the 50% retracement price of \$2.6445, leaving the next downside target in July natural gas at \$2.609.

TODAY'S MARKET IDEAS:

Pushed into the market, we give the edge to the bear camp as prices have recently sharply bounced off building consolidation low support and corrected what was a very oversold short-term technical condition. Therefore, we see the markets extending downward again today after a temporary recovery in the event EIA crude oil inventories surprise with a large decline in crude inventories like the API readings yesterday.

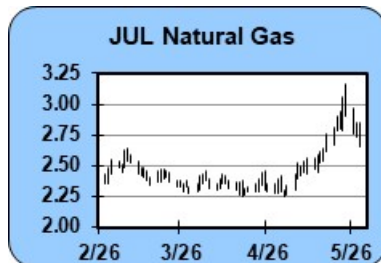
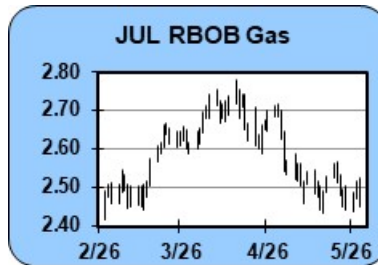
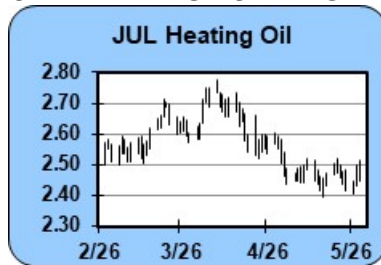
NEW RECOMMENDATIONS:

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) 05/30/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The market could take on a defensive posture with the daily closing price reversal down. The market tilt is slightly negative with the close under the pivot. The next upside objective is 81.02. The next area of resistance is around 79.85 and 81.02, while 1st support hits today at 78.27 and below there at 77.87.

HEATING OIL (JUL) 05/30/2024: The upside crossover of the 9 and 18 bar moving average is a positive signal. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The market could take on a defensive posture with the daily closing price reversal down. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 252.94. The next area of

resistance is around 248.27 and 252.94, while 1st support hits today at 241.90 and below there at 240.19.

RBOB GAS (JUL) 05/30/2024: 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 market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down is somewhat negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 239.86. The next area of resistance is around 248.99 and 254.38, while 1st support hits today at 241.73 and below there at 239.86.

NATURAL GAS (JUL) 05/30/2024: Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is 2.519. The next area of resistance is around 2.768 and 2.904, while 1st support hits today at 2.576 and below there at 2.519.

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	79.06	51.61	49.17	47.20	57.34	78.37	78.59	78.38	80.86	80.32
CLAQ24	78.64	52.08	49.59	47.63	57.82	77.92	78.16	77.94	80.22	79.68
HOAN24	245.09	43.78	42.38	44.35	47.36	2.45	2.46	2.46	2.56	2.57
HOAQ24	246.89	44.71	43.19	44.92	48.46	2.46	2.48	2.48	2.56	2.57
RBAN24	245.36	38.30	39.43	29.70	28.69	2.47	2.49	2.50	2.60	2.59
RBAQ24	243.78	41.57	41.93	34.19	35.42	2.45	2.47	2.47	2.56	2.55
NGAN24	2.672	48.26	52.22	69.58	54.17	2.80	2.83	2.67	2.47	2.46
NGAQ24	2.718	47.00	51.08	67.46	51.02	2.85	2.87	2.74	2.57	2.55

Calculations based on previous session. Data collected 05/29/2024
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	77.86	78.27	79.44	79.85	81.02
CLAQ24	Crude Oil	77.51	77.89	79.00	79.38	80.49
HOAN24	Heating Oil	240.19	241.90	246.57	248.27	252.94
HOAQ24	Heating Oil	242.37	243.95	248.24	249.82	254.11
RBAN24	RBOB Gas	239.86	241.73	247.12	248.99	254.38
RBAQ24	RBOB Gas	238.78	240.48	245.37	247.07	251.96
NGAN24	Natural Gas	2.518	2.575	2.711	2.768	2.904
NGAQ24	Natural Gas	2.580	2.630	2.755	2.805	2.930

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