



DAILY ENERGY COMPLEX COMMENTARY

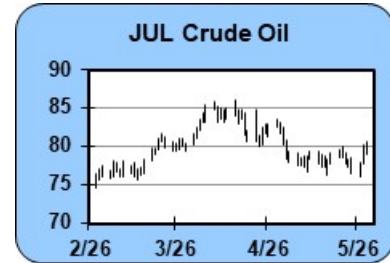
Friday May 31, 2024

DAILY ENERGY COMPLEX COMMENTARY

5/31/2024

The bias in energy markets remains down

**OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -27, HEATING OIL -77, UNLEADED GAS -84**



CRUDE OIL MARKET FUNDAMENTALS: We see a negative bias extending in crude oil today from a slight risk off global economic vibe, disappointing Chinese PMI data overnight, and from ongoing weakness in global equity markets. Adding to the bear tilt is news that Japanese April crude oil imports declined by 8.6% on a year over year basis and a 22% rise in weekly Shanghai medium sour crude stockpiles. However, it is possible the market will see sellers discouraged today by the prospect of supportive news from the OPEC+ virtual meeting this weekend. In our opinion, it is very unlikely that production restraint will be expanded with several members already chafing at the restrictions on output. On the other hand, it is possible that a significant extension of restraint into next year could spark renewed tightening fears as efforts to end fossil fuel use will likely lower production outside of OPEC. While the weekly decline did not match the size of the API survey, US EIA crude stocks reached a 5-week low this week as refinery utilization reached its highest level since August and US refinery net input climbed above 17 million bpd for the first time since December 2019. US crude oil production has been stable around the 13.1 million bpd level since March while US crude oil exports have tapered off from their mid-April highs, both of which reflect lukewarm global demand. EIA crude stocks fell 4.156 million barrels and are 4.968 million barrels below year ago levels. Also, crude stocks stand 19.242 million barrels below the five-year average. Crude oil imports for the week stood at 6.769 million barrels per day compared to 6.663 million barrels the previous week.

PRODUCT MARKET FUNDAMENTALS: Both product markets outperformed crude oil to the downside yesterday with RBOB reaching a 3 1/2 month low and ULSD falling to a 4 1/2 month low. Sizable weekly builds in gasoline stocks (to a 9-week high) and distillate stocks (to a 13-week high) were a major source of pressure across the energy complex. Implied gasoline demand and implied distillate demand both had weekly declines that also weighed on product prices. The refinery operating rate was 94.3%, up 2.6% from last week compared to 93.1% last year and the five-year average of 87.0%. EIA gasoline stocks rose 2.022 million barrels and are 12.774 million barrels above last year and 1.854 million below the five-year average. Average total gasoline demand for the past four weeks was down 1.7% compared to last year. Gasoline imports came in at 1.092 million barrels per day compared to 773,000 barrels the previous week. EIA distillate stocks rose 2.544 million barrels and stood at 12.631 million barrels above last year and 6.964 million below the five-year average. Distillate imports came in at 165,000 barrels per day compared to 98,000 barrels the previous week. Average total distillate demand for the past four weeks was down 3.95% 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 |
| 5/24/2024 | 454.689 | -4.156 | -4.968 | 473.931 | 6.769 | 94.3 | |
| DISTILLATES | | Stocks | | | Imports | Demand | |

| Week Of | Current | Weekly Change | Yearly Change | 5 Year Average | Current | Current | Year Ago |
|-----------|---------|---------------|---------------|----------------|---------|---------|----------|
| 5/24/2024 | 119.288 | +2.544 | +12.631 | 126.252 | | 3.795 | |
| GASOLINE | | Stocks | | | Imports | Demand | |
| Week Of | Current | Weekly Change | Yearly Change | 5 Year Average | Current | Current | Year Ago |
| 5/24/2024 | 228.844 | +2.022 | +12.774 | 230.698 | 1.092 | 9.148 | |

NATURAL GAS: Natural gas prices extended this week's pullback overnight and have reached a 2-week low with the market pressured by lukewarm demand and rising supply. The EIA's weekly natural gas storage report showed an injection of 84 bcf which was higher than trade forecasts. Total storage stands at 2,795 bcf, or 26.5% above the 5-year average. Over the last four weeks natural gas storage has increased 311 bcf. Furthermore, US dry gas production remains well below its record highs but has climbed back above the 98 bcf per day level, and that has added to the pressure on natural gas prices this week. US LNG exports have climbed back above the 13 bcf per day level, but that provided little support to the natural gas market. The latest 6 to 10 day outlook has above-normal temperatures on the East Coast, Gulf Coast and Rockies west to the Pacific Coast, and that may ramp up power plant and air conditioning demand over the next few weeks. Unfortunately for the bull camp power to the very critical Freeport LNG export plant in Texas has seen interruptions with capacity yesterday at only 81% which will back up supply in the US. Fortunately for the bull camp Indian LNG imports for May are projected to be the highest since 2020 following a pattern of extreme heat. Near-term resistance for July Gas is \$2.60 while support is down at \$2.520.

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 |
|-----------|-------------|---------------|-----------------------|-------------------------------|----------------------------------|-----------------------------------|
| 5/24/2024 | 84 | 2795 | 380 | 311 | 26.5% | |

TODAY'S MARKET IDEAS:

We leave the edge with the bear camp going into month-end as demand concerns continue to weigh heavily on sentiment. If global markets shift into a full on "risk off" mood, crude oil and the products could see a wave of month-end long liquidation. Near-term resistance for July crude oil is at \$79.25 while support is down at \$77.47. Near-term resistance for July RBOB is at \$2.4250 with support at \$2.3878.

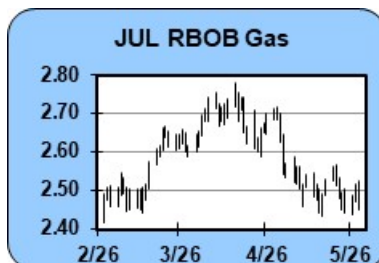
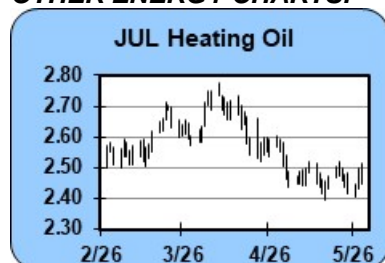
NEW RECOMMENDATIONS:

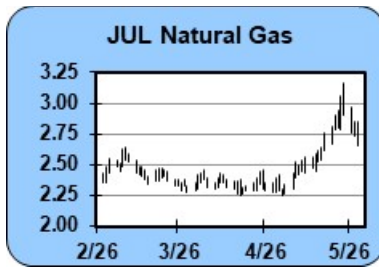
None.

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) 05/31/2024: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next upside target is 79.99. The next area of resistance is around 78.78 and 79.99, while 1st support hits today at 77.00 and below there at 76.42.

HEATING OIL (JUL) 05/31/2024: The moving average crossover down (9 below 18) indicates a possible developing short-term downtrend. The daily stochastics have crossed over down which is a bearish indication. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is 233.70. The next area of resistance is around 242.23 and 247.26, while 1st support hits today at 235.46 and below there at 233.70.

RBOB GAS (JUL) 05/31/2024: 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. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is 234.99. The next area of resistance is around 243.02 and 247.70, while 1st support hits today at 236.66 and below there at 234.99.

NATURAL GAS (JUL) 05/31/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 next downside objective is now at 2.475. The next area of resistance is around 2.627 and 2.715, while 1st support hits today at 2.508 and below there at 2.475.

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 | 77.89 | 43.99 | 44.20 | 49.07 | 51.92 | 78.67 | 78.52 | 78.40 | 80.81 | 80.35 |
| CLAQ24 | 77.52 | 44.44 | 44.59 | 49.62 | 52.77 | 78.23 | 78.09 | 77.96 | 80.18 | 79.72 |
| HOAN24 | 238.85 | 32.50 | 34.75 | 40.76 | 32.74 | 2.44 | 2.46 | 2.46 | 2.55 | 2.57 |
| HOAQ24 | 241.01 | 33.36 | 35.56 | 41.50 | 33.80 | 2.46 | 2.47 | 2.48 | 2.56 | 2.57 |
| RBAN24 | 239.84 | 31.52 | 34.76 | 26.96 | 20.52 | 2.46 | 2.48 | 2.49 | 2.60 | 2.59 |
| RBAQ24 | 238.57 | 33.28 | 36.28 | 30.87 | 24.21 | 2.44 | 2.46 | 2.47 | 2.56 | 2.55 |
| NGAN24 | 2.568 | 42.71 | 47.79 | 60.24 | 41.73 | 2.71 | 2.82 | 2.68 | 2.48 | 2.46 |
| NGAQ24 | 2.645 | 42.76 | 47.70 | 58.18 | 39.71 | 2.76 | 2.86 | 2.74 | 2.57 | 2.55 |

Calculations based on previous session. Data collected 05/30/2024
 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 | 76.41 | 76.99 | 78.20 | 78.78 | 79.99 |
| CLAQ24 | Crude Oil | 76.15 | 76.68 | 77.82 | 78.35 | 79.49 |
| HOAN24 | Heating Oil | 233.70 | 235.45 | 240.48 | 242.23 | 247.26 |
| HOAQ24 | Heating Oil | 236.18 | 237.84 | 242.52 | 244.18 | 248.86 |
| RBAN24 | RBOB Gas | 234.99 | 236.66 | 241.35 | 243.02 | 247.70 |
| RBAQ24 | RBOB Gas | 234.07 | 235.61 | 239.99 | 241.53 | 245.91 |
| NGAN24 | Natural Gas | 2.474 | 2.507 | 2.594 | 2.627 | 2.715 |
| NGAQ24 | Natural Gas | 2.570 | 2.598 | 2.664 | 2.692 | 2.758 |

Calculations based on previous session. Data collected 05/30/2024

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