



DAILY ENERGY COMPLEX COMMENTARY

Monday March 28, 2022

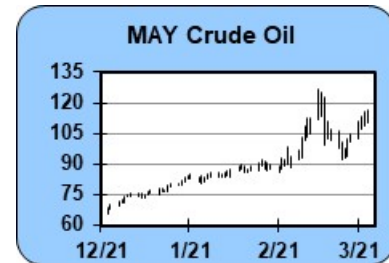
DAILY ENERGY COMPLEX COMMENTARY

3/28/2022

Fresh Peace talks gives the bear camp an edge today

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE -542, HEATING OIL -1453, UNLEADED GAS -1225

CRUDE OIL MARKET FUNDAMENTALS: With reports of fresh peace talks today and the Ukrainian Army stalling the Russian advance for weeks, the potential for some type of cease-fire is improved. In fact, late last week Ukrainian Army sources suggested they were now on the offensive in some areas and that could be the source of motivation for a resumption of peace talks. However, the Russian president might be infuriated by comments from the US President that the Russian leader must not be allowed to remain in power. Apparently, President Biden "ad-libbed" regime change suggestions forcing the White House to "take back" the aggressive message to the Russian leader. Holding back energy markets to start the trading week is fresh peace talks, the closure of the Shanghai port, a modest rise in Cushing, Oklahoma crude oil stocks last week, and a mostly level weekly US crude oil production figure. On the other hand, overall US crude oil stocks declined (expanding the net deficit to year ago levels to 89 million barrels), exports continue to pull down US supplies and all major inventory levels in last week's EIA crude oil report showed contractions. With the crude oil market rallying \$5 after the last positioning report was measured, the net spec and fund long in crude oil is understated but remains near very low levels from recent history! Crude Oil positioning in the Commitments of Traders for the week ending March 22nd showed Managed Money traders net bought 5,118 contracts and are now net long 263,857 contracts. Non-Commercial & Non-Reportable traders net bought 3,730 contracts and are now net long 449,925 contracts. Given peace talks, fresh damage on the charts early on and fear of slower Chinese demand the path of least resistance has shifted down in crude oil.



PRODUCT MARKET FUNDAMENTALS: With the gasoline market last week ranging down sharply and then rejecting that washout with a \$0.15 rally into the Friday close, the charts transitioned from bearish to bullish. However, with prices this morning falling back toward last Friday's lows, spillover weakness anticipated from crude oil and fear of slumping Chinese fuel demand, the bear camp has increased its standing to start the new trading week. While product markets stocks in last week's inventory report declined, the US refinery operating rate is running 6% above year ago levels which in turn should increase the flow of gasoline and diesel supplies ahead. Fortunately for the bull camp, the most recent COT positioning report had the net spec and fund long remaining very low relative to the last 4 years spec long positioning range. The Commitments of Traders report for the week ending March 22nd showed Gas (RBOB) Managed Money traders net bought 3,219 contracts and are now net long 58,337 contracts. Non-Commercial & Non-Reportable traders added 4,824 contracts to their already long position and are now net long 54,329. Like the gasoline market, the diesel market failed aggressively on Friday but still managed to forge a recovery of \$0.11 into the close. However, the last COT spec and fund long positioning reading in ULSD reached the lowest level since November 2020 thereby reducing stop loss selling potential and increasing the prospect of stop loss buying. The Commitments of Traders report for the week ending March 22nd showed Heating Oil Managed Money traders reduced their net long position by 2,614 contracts to a net long 8,809 contracts. Non-Commercial & Non-Reportable traders were net long 4,618 contracts after decreasing their long position by 4,244 contracts. As in the gasoline market, traders should be aware of the significant jump in the US refinery operating rate last week as that should put more diesel supply into the pipeline in the weeks ahead.

NATURAL GAS: While Russian national oil company officials on Sunday indicated that gas flow via the Ukraine pipeline continues, the sharp range up breakout extension in May natural gas last Friday gives the bull camp an edge from a technical perspective to start the new week. Despite Russia claiming gas continues to flow from Russia through the Ukraine, there are reports this morning that Gazprom does not plan any spot sales this week and that firms the price outlook to start the new trading week. A key pivot point from previous spike high at \$5.571 in May natural gas should hold importance to the trade today. Using the weekly charts, the next upside targeting in natural gas is \$5.65. In retrospect, last week's EIA storage report showed a 17.4% deficit to the 5-year average for this time of year and that means that stocks are tighter than the levels ahead of the winter that prompted a rally up to \$6.39! Certainly, seasonal demand in the US and Europe is on the decline, but European leaders are intent on "rebuilding depleted winter storage" and strong export demand from the US should continue and in turn offset lower seasonal demand. The Commitments of Traders report for the week ending March 22nd showed Natural Gas Managed Money traders reduced their net short position by 7,429 contracts to a net short 6,051 contracts. Non-Commercial & Non-Reportable traders added 1,117 contracts to their already short position and are now net short 106,387. With fresh sanctions levied against Russia, Ukrainian forces on the offensive and President Biden inadvertently calling for regime change, the path of least resistance in natural gas should remain up. With a very strong close at the end of last week and a fresh higher high this morning, the May natural gas contract has an upside objective of \$6.39. Key pivot point support today is seen at \$5.446, but the bull camp is probably disappointed with last Friday's low volume upside extension.

TODAY'S MARKET IDEAS:

The bias today has shifted down in the petroleum markets with Chinese demand fears, a rising Dollar and a fifth day of lost upside momentum. However, US production has remained static and EIA stock levels last week declined in crude oil, distillate, and diesel. On the other hand, talk of fresh Peace talks and Chinese demand fears are powerful bearish forces. Uptrend channel support in May crude oil is \$108.30 while a quasi-upside pivot point is seen at \$115.40. Uptrend channel support in May ULSD is \$3.63, and an upside pivot/breakout is seen with a move above \$3.8450.

NEW RECOMMENDATIONS:

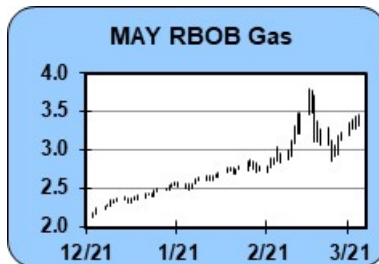
None.

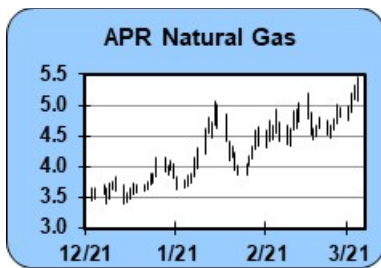
PREVIOUS RECOMMENDATIONS:

None.

Energies	Non-Commercial		Commercial		Non-Reportable	
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Crude Oil	403,859	+3,967	-449,926	-3,731	46,066	-237
Heating Oil	-12,775	-4,070	-4,618	+4,244	17,393	-174
Natural Gas	-149,317	-2,500	106,386	+1,116	42,930	+1,383
Gas (RBOB)	48,972	+4,818	-54,330	-4,825	5,357	+6

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 (MAY) 03/28/2022: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. The market tilt is slightly negative with the close under the pivot. The next upside objective is 117.54. The next area of resistance is around 115.51 and 117.54, while 1st support hits today at 110.08 and below there at 106.66.

HEATING OIL (MAY) 03/28/2022: The upside crossover (9 above 18) of the moving averages suggests a developing short-term uptrend. Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. The close below the 1st swing support could weigh on the market. The next upside objective is 395.28. The next area of resistance is around 382.62 and 395.28, while 1st support hits today at 359.14 and below there at 348.31.

RBOB GAS (MAY) 03/28/2022: Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 353.60. The next area of resistance is around 347.71 and 353.60, while 1st support hits today at 332.21 and below there at 322.61.

NATURAL GAS (MAY) 03/28/2022: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 5.772. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 5.696 and 5.772, while 1st support hits today at 5.466 and below there at 5.311.

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										
CLAK22	112.80	62.20	61.53	48.87	55.88	112.34	105.83	107.07	95.57	91.35
CLAM22	109.90	64.19	63.01	51.59	59.97	109.76	103.39	103.94	93.38	89.52
HOAK22	370.88	62.85	62.33	48.91	55.57	3.73	3.45	3.45	2.99	2.84
HOAM22	349.98	65.24	63.81	46.99	53.80	3.50	3.28	3.28	2.89	2.77
RBAK22	339.96	62.66	61.79	47.22	53.70	3.38	3.24	3.29	2.96	2.83
RBAM22	332.84	63.85	62.58	47.31	55.01	3.31	3.16	3.20	2.90	2.79
NGAK22	5.581	77.02	70.94	77.96	89.17	5.38	5.09	4.91	4.57	4.37
NGAM22	5.624	77.67	71.51	78.90	90.56	5.43	5.13	4.96	4.62	4.42

Calculations based on previous session. Data collected 03/25/2022

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAK22	Crude Oil	106.66	110.07	112.10	115.51	117.54
CLAM22	Crude Oil	103.83	107.20	109.23	112.60	114.63
HOAK22	Heating Oil	348.30	359.13	371.79	382.62	395.28
HOAM22	Heating Oil	334.45	342.41	349.58	357.54	364.71
RBAK22	RBOB Gas	322.60	332.21	338.10	347.71	353.60
RBAM22	RBOB Gas	316.22	325.34	331.21	340.33	346.20
NGAK22	Natural Gas	5.310	5.465	5.541	5.696	5.772
NGAM22	Natural Gas	5.356	5.510	5.583	5.737	5.810

Calculations based on previous session. Data collected 03/25/2022

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