



DAILY ENERGY COMPLEX COMMENTARY

Friday May 12, 2023

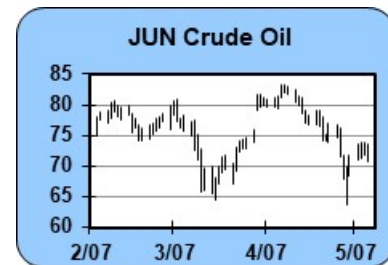
DAILY ENERGY COMPLEX COMMENTARY

5/12/2023

Near-term demand concerns continue to weigh on prices

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +19, HEATING OIL -161, UNLEADED GAS -91

CRUDE OIL MARKET FUNDAMENTALS: After a sizable rebound from their 2023 lows, crude oil and the products have lost their upside momentum in the latter half of this week. Unless a rebound in global risk sentiment can improve the demand outlook, the markets are likely to have a downbeat finish to the week. June crude oil came under severe pressure at midsession yesterday and finished with a heavy loss, and it saw some follow-through selling overnight. Sluggish Chinese inflation data has weakened that nation's energy demand outlook. OPEC has forecast that world oil demand would increase by 2.33 million barrels per day, which was nearly unchanged from their previous estimate. The group's statement that US debt ceiling issues could have "economic consequences" seemed to put additional pressure on prices yesterday. OPEC also said that their April production came in at 28.60 million barrels per day (bpd) a decline of 191,000 bpd from March. US refinery throughput has been consistently above 15 million bpd since March, and refinery utilization has moved back above 90%, but weekly US crude oil production has ranged between 12.2 million and 12.3 million bpd. As a result, there may be more attention paid to today's weekly Baker Hughes US oil rig count, which matched its 2023 low of 588 rigs in last week's reading.



PRODUCT MARKET FUNDAMENTALS: Both RBOB and ULSD finished Thursday in negative territory after reaching new highs for their moves earlier in the session, and they saw additional declines overnight. A sharp increase in the weekly ongoing jobless claims number yesterday may have put additional pressure on the markets on ideas that it would dampen demand for the North American summer driving season. However, implied gasoline demand saw a jump in this week's EIA report, which may be a reason to expect strong demand for the Memorial Day weekend. Average US retail pump prices for regular unleaded gasoline have fallen 18 cents a gallon over the past three weeks. US distillate stocks are below year-ago levels and their five-year average for this time of the year. This may provide some residual support for ULSD prices.

NATURAL GAS: Natural gas prices slipped in the last few days, but they remain on-track for a positive weekly result. June natural gas traded in a tight range on Thursday and ended the session with a minimal loss. The weekly EIA storage report showed a net injection of 78 bcf, which was close to expectations. Total storage was 2,141 bcf, 18.4% above the five-year average. Over the last four weeks storage has increased 286 bcf. The 6-10-day forecast has above average temperatures from the Rockies to the Pacific Coast, which could give a boost to power plant demand as air conditioners in those regions come back into regular use. US dry gas production continues to hold above 100 bcf/day, and US LNG exports are holding above 13 bcf/day with the Freeport LNG terminal back at full capacity. The spike in western US temperatures should underpin natural gas prices. If a positive weekly result is on the cards, look for a short-covering rally later today. Support for July natural gas comes in at \$2.275.

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
5/5/2023	78	2141	509	286	18.4%	#REF!

TODAY'S MARKET IDEAS:

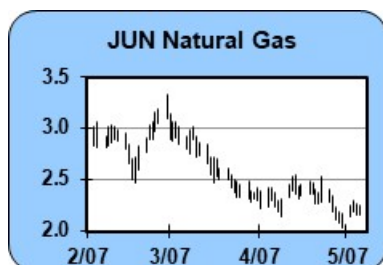
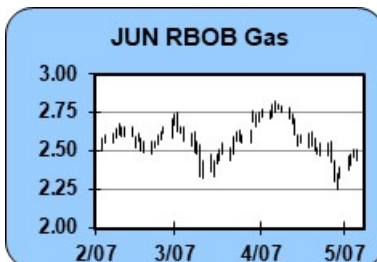
Crude oil and the products fell overnight, and the potential for a resumption of the recent rally may be limited at best unless global risk sentiment improves in any significant manner. A key factor in the decline this week has been the poor performance in Chinese equity markets following their sluggish inflation data. The North American summer driving season is less than three weeks away. Look for support in June crude or at \$70.00, for June RBOB at \$2.4240, and for June ULSD at \$2.3125.

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 (JUN) 05/12/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 74.61. The next area of resistance is around 72.86 and 74.61, while 1st support hits today at 70.00 and below there at 68.88.

HEATING OIL (JUN) 05/12/2023: 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. A negative signal was given by the outside day down. The market's close below the 1st swing

support number suggests a moderately negative setup for today. The near-term upside target is at 244.91. The next area of resistance is around 239.57 and 244.91, while 1st support hits today at 231.65 and below there at 229.06.

RBOB GAS (JUN) 05/12/2023: 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 daily closing price reversal down is a negative indicator for prices. The close below the 1st swing support could weigh on the market. The near-term upside objective is at 254.41. The next area of resistance is around 250.04 and 254.41, while 1st support hits today at 242.82 and below there at 239.96.

NATURAL GAS (JUN) 05/12/2023: A crossover down in the daily stochastics is a bearish signal. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 2.107. The next area of resistance is around 2.229 and 2.287, while 1st support hits today at 2.139 and below there at 2.107.

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										
CLAM23	71.43	39.82	41.42	42.30	49.85	72.72	71.85	74.65	75.04	75.63
CLAN23	71.43	40.12	41.63	42.03	49.55	72.66	71.78	74.52	74.89	75.48
HOAM23	235.61	42.62	41.09	39.16	49.08	2.38	2.33	2.40	2.50	2.55
HOAN23	234.95	41.69	40.60	39.39	48.71	2.38	2.33	2.40	2.49	2.54
RBAM23	246.43	45.04	44.12	36.81	48.43	2.48	2.43	2.50	2.57	2.58
RBAN23	241.50	43.96	43.45	36.59	47.33	2.43	2.39	2.46	2.52	2.53
NGAM23	2.184	41.28	41.82	33.13	32.94	2.22	2.20	2.31	2.44	2.56
NGAN23	2.339	37.67	39.13	26.46	25.61	2.38	2.38	2.49	2.65	2.77

Calculations based on previous session. Data collected 05/11/2023

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						
CLAM23	Crude Oil	68.87	69.99	71.74	72.86	74.61
CLAN23	Crude Oil	68.92	70.02	71.74	72.84	74.56
HOAM23	Heating Oil	229.05	231.64	236.98	239.57	244.91
HOAN23	Heating Oil	228.52	231.05	236.31	238.84	244.10
RBAM23	RBOB Gas	239.95	242.81	247.18	250.04	254.41
RBAN23	RBOB Gas	235.49	238.04	242.41	244.95	249.33
NGAM23	Natural Gas	2.107	2.139	2.197	2.229	2.287
NGAN23	Natural Gas	2.265	2.299	2.344	2.378	2.423

Calculations based on previous session. Data collected 05/11/2023

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