



DAILY ENERGY COMPLEX COMMENTARY

Monday May 15, 2023

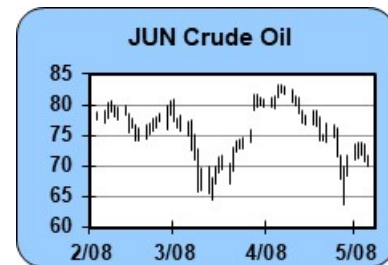
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5/15/2023

Near-term demand concerns continue to weigh on prices

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +23, HEATING OIL +92, UNLEADED GAS +23

CRUDE OIL MARKET FUNDAMENTALS: In our opinion, the path of least resistance remains down in the petroleum markets with global demand concerns justified by recent soft scheduled data both inside and outside of China. Furthermore, euro zone industrial activity softened, and the trade expects to see a softer US Fed Empire State manufacturing reading later today. According to the Iraqi oil minister he does not expect OPEC+ to make additional cuts in their meeting next month and that should give confidence to the bear camp. Furthermore, recent strength in the dollar and recent indecision in global equity markets leaves demand for US oil soft. However, the US recently posted record crude oil exports which makes the action in the dollar very important to the world oil trade. Apparently, US oil exports reached 4.5 million barrels per day in March with pipelines from the Permian basin nearly full. In a potential supportive development in the coming weeks, Chinese state-run refineries are expected to pump up their refinery activity to the highest level since the beginning of 2021 with 10 facilities still undergoing maintenance. In another potentially supportive development, Russian oil export duties are scheduled to rise in June and that could discourage some Russian exports. The most recent COT positioning report in crude oil showed a net spec and fund long reading within 60,000 contracts of the lowest reading since February 2016 and with the market from the COT positioning report into the low this morning the market declining by \$3.92 that should push the net long toward that February 2016 level. The Commitments of Traders report for the week ending May 9th showed Crude Oil Managed Money traders added 14,878 contracts to their already long position and are now net long 171,925. Non-Commercial & Non-Reportable traders are net long 290,254 contracts after net selling 14,826 contracts. Items providing support to crude oil this morning include the seizure of another oil tanker by Iran (the 3rd), significant Chinese road congestion and evidence of a decline in Chinese crude oil supplies. Initial support at \$70.00 in July crude oil was violated early today with a secondary critical support/target seen down at \$68.48.



PRODUCT MARKET FUNDAMENTALS: With the very poor finish at the end of last week combined with the very moderate corrective ongoing action in gasoline relative to crude oil, the gasoline market looks vulnerable from a chart perspective. In fact, China on Friday issued its top refineries with 12 million tons of fuel export quotas with most of the quota allocated to diesel, gasoline and jet fuel and the remaining portion allowing for the export of bunker fuel. Fortunately for the bull camp, US implied gasoline demand has held firm at least partially countering the significant jump in ARA gasoline stocks last week. Fortunately for the bull camp, the net spec and fund long in gasoline remains very modest with the post report break in prices likely pushing the net spec and fund long down near the lowest levels since July of last year. Gas (RBOB) positioning in the Commitments of Traders for the week ending May 9th showed Managed Money traders were net long 39,333 contracts after decreasing their long position by 8,587 contracts. Non-Commercial & Non-Reportable traders net sold 11,801 contracts and are now net long 42,595 contracts. We see initial support and targeting at \$2.3420 in the July gasoline contract. Like the gasoline market, the diesel market also suffered smaller losses than crude oil last week but unfortunately the market lacks close in and credible support on the charts. It should also be noted that ARA gas oil and fuel oil stocks increased last week while jet fuel stocks contracted. With the \$0.31 break since the positioning report was measured the net spec and fund long in diesel is likely nearing the lowest levels since May 2020. Heating Oil positioning in the Commitments of Traders for the week ending May 9th showed Managed Money traders net bought 2,492 contracts and are now net short 263 contracts. Non-Commercial & Non-Reportable traders are net

long 12,078 contracts after net buying 4,055 contracts. Unreliable pivot point support is seen at \$2.2739 with stronger support pegged at \$2.2347.

NATURAL GAS: While the most significant force in the natural gas trade is the market's capacity to consolidate above the early May spike low, the market is still facing significant fundamental resistance from both supply and demand elements. In fact, last week the EIA natural gas in storage report showed an injection of 78 BCF which resulted in a surplus to the 5-year average of 18.4%. With US demand expected to be very low in the coming 2 weeks, the path of least resistance is down, especially with the surplus to 5-year average inventory level should grow. In a longer-term minimally supportive development predictions from Bloomberg indicates that US power demand has picked up despite the season, with gas demand for power generation reaching the highest seasonal levels since 2014 (according to Bloomberg). The weekly Baker Hughes rig operating count showed a decline of 16 rigs from last week on a total of 141 rigs operating. The May 9th Commitments of Traders report showed Natural Gas Managed Money traders are net short 54,533 contracts after net selling 2,419 contracts. Non-Commercial & Non-Reportable traders net bought 5,018 contracts and are now net short 106,464 contracts. While we think the risk and reward of being long natural gas is unfavorable at this morning's pricing, prices in July gas down at \$2.31 look attractive from a short-term Range trading perspective. We see the top of the trading range defined as \$2.524 and the bottom of the trading range defined as \$2.29.

TODAY'S MARKET IDEAS:

We give the edge to the bear camp with macroeconomic sentiment residually more negative than neutral. However, demand inside the US is thought to be positive and China provided some liquidity overnight. On the other hand, the current seasonal demand lull usually extends for several more weeks. Therefore, without very positive scheduled data news and or strong gains in global equity markets we leave the bears with an edge especially given the extension of last week's corrective tilt on the charts extended into the new trading week.

NEW RECOMMENDATIONS:

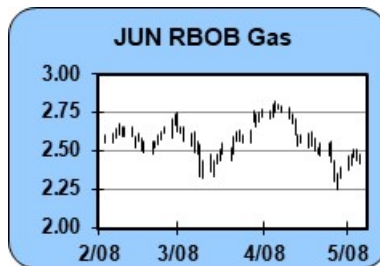
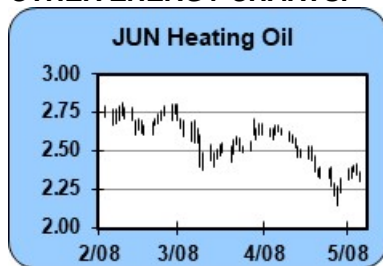
None.

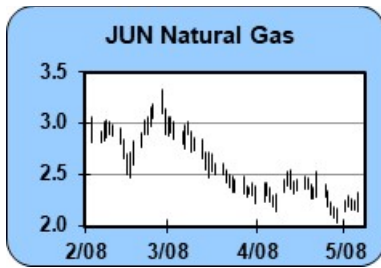
PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 5/2/2023 - 5/9/2023						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Energies						
Crude Oil	261,059	+2,371	-290,254	+14,826	29,195	-17,197
Heating Oil	2,834	-895	-12,077	-4,055	9,244	+4,950
Natural Gas	-140,937	+2,302	106,464	-5,018	34,473	+2,716
Gas (RBOB)	39,581	-8,231	-42,595	+11,801	3,014	-3,570

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) 05/15/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 72.33. The next area of resistance is around 71.04 and 72.33, while 1st support hits today at 69.20 and below there at 68.64.

HEATING OIL (JUN) 05/15/2023: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside target is at 237.86. The next area of resistance is around 233.49 and 237.86, while 1st support hits today at 227.43 and below there at 225.73.

RBOB GAS (JUN) 05/15/2023: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 250.23. The next area of resistance is around 246.37 and 250.23, while 1st support hits today at 240.11 and below there at 237.70.

NATURAL GAS (JUN) 05/15/2023: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day up is somewhat positive. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 2.442. The next area of resistance is around 2.362 and 2.442, while 1st support hits today at 2.175 and below there at 2.067.

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	70.12	36.07	38.85	43.42	46.47	71.82	71.18	74.02	74.90	75.48
CLAN23	70.10	36.22	38.96	43.10	46.04	71.78	71.12	73.90	74.75	75.32
HOAM23	230.46	37.14	37.67	41.49	46.15	2.36	2.32	2.38	2.49	2.55
HOAN23	229.66	36.02	36.98	41.28	45.05	2.36	2.32	2.38	2.48	2.53
RBAM23	243.23	41.26	41.73	40.40	47.94	2.47	2.42	2.49	2.56	2.57
RBAN23	238.35	40.18	41.04	39.72	46.32	2.42	2.38	2.45	2.52	2.53
NGAM23	2.269	49.73	46.71	34.91	38.20	2.23	2.20	2.29	2.42	2.55
NGAN23	2.443	48.47	45.38	28.40	31.98	2.39	2.37	2.48	2.64	2.76

Calculations based on previous session. Data collected 05/12/2023

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	68.63	69.19	70.48	71.04	72.33
CLAN23	Crude Oil	68.65	69.19	70.46	71.00	72.27
HOAM23	Heating Oil	225.72	227.42	231.79	233.49	237.86
HOAN23	Heating Oil	225.11	226.73	230.97	232.59	236.83
RBAM23	RBOB Gas	237.69	240.10	243.96	246.37	250.23
RBAN23	RBOB Gas	233.03	235.36	239.01	241.34	244.99
NGAM23	Natural Gas	2.067	2.175	2.255	2.362	2.442
NGAN23	Natural Gas	2.237	2.350	2.422	2.535	2.607

Calculations based on previous session. Data collected 05/12/2023

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