



DAILY ENERGY COMPLEX COMMENTARY

Friday September 29, 2023

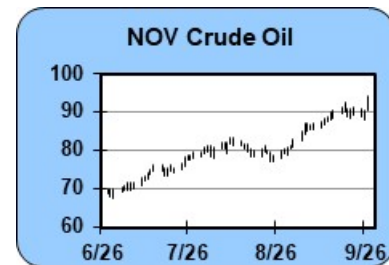
DAILY ENERGY COMPLEX COMMENTARY

9/29/2023

Global crude focus shifting supply tightness to demand

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE +21, HEATING OIL +164, UNLEADED GAS -105

CRUDE OIL MARKET FUNDAMENTALS: Using internal fundamentals today is likely a useless endeavor as the outlook for physical commodities, financial markets, and the global economy hinge on the whims of Washington.



Fortunately for the bull camp the petroleum markets have already corrected a significant portion of the massive rally over the prior three days as today could bring a serious downgrade in global energy demand prospects. In retrospect, the crude oil market did manage another contract high yesterday but was unable to hold that rally and at times traded almost \$3.60 off the high, and for some traders that signals an interim technical top. However, this week's EIA data supported the global tight supply theme which Russia added to yesterday with an announcement they have no plans to raise crude oil supply to stem surging domestic fuel prices. On the other hand, a consulting firm yesterday predicted the Saudis may moderate oil cuts sooner than expected because energy costs to consumers are surging and more inflation means more central bank tightening and increased chances of a return to recession. While Saudi Arabia claims they want to "keep the world oil markets balanced", they usually err to the side of higher prices. In today's action, the focus of the trade should turn to demand prospects with the US facing potential major financial market volatility if an agreement on the government budget is not finalized. With the dollar seemingly falling back from signs of a breakdown in budget talks and perhaps because of the beginning of the president's impeachment hearings, the inability to get a budget will likely undermine the dollar with "could" provide support to US crude. However, if US budget wrangling results in a major washout in equities and a major big picture macroeconomic selling event crude oil could come under massive liquidation. In other words, what goes up fast can come down fast. Key pivot points in November crude oil today \$90.40 and \$93.03.

PRODUCT MARKET FUNDAMENTALS: In retrospect, the gasoline charts were severely damaged yesterday and with any deterioration in energy demand views today, the November gasoline contract could post a quick spike down to \$2.41. In fact, the last COT positioning report showed a net spec and fund long of 61,000 contracts and open interest has been falling since the mid-September top which could be a sign the bull wave has ended. Fortunately for the bull camp, Bloomberg traffic congestion readings continue to show activity building in China and with the coming holiday, we suspect traffic congestion readings in China will foster hope of improved demand inside China. This week's Amsterdam, Rotterdam, and Antwerp product inventories showed minimal gains in jet fuel, gas oil and gasoline inventories, with naphtha and fuel oil inventories contracting. Unreliable support in November RBOB today is \$2.42 and a key pivot point is \$2.4833. Clearly, the diesel market held up significantly better than the gasoline market to yesterday's corrective reversal in other petroleum markets. However, China has been and will continue to push significant diesel exports to world markets and given the shoulder season in the northern hemisphere, normal demand declines are likely. In conclusion, tight supply should begin to rebuild, and demand is likely to fall. Therefore, we see downtrend channel selling resistance in the November diesel market today at \$3.3160 but also realize ULSD fundamentals will take a back seat to big picture macro issues today.

NATURAL GAS: The bull camp should be heartened by the capacity to close higher and extend higher today in

the wake of a top of the range weekly storage injection. The weekly natural gas storage report showed an injection of 90 bcf. Total storage stands at 3,359 bcf or 6.0% above the 5-year average. Over the last four weeks, natural gas storage has increased 244 bcf. US temperatures are moderating in 8-to-10-day forecasts and the surplus to the five-year average stocks level increased this week breaking a long string of weekly narrowing of the surplus. Reports that Norwegian gas exports to Europe declined by 6.4% were the result of maintenance disruptions and not a sign of flagging European demand. On the other hand, European strategic supplies are more than 90% filled and without early very cold temperatures, the natural gas market will remain in surplus standing. From a longer-term perspective, the Russian national gas company Gazprom yesterday announced their gas supplies were down by 26.5% year to date in the first half of 2023 as that could work through the system and begin to reduce burgeoning world during the depth of the winter. Our view toward natural gas is for prices to continue to chop within a consolidation zone bound by \$3.016 on the upside and \$2.799 on the downside. Pushed onto the market, we favor selling the top end of that range.

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
9/22/2023	90	3359	397	244	6.0%	

TODAY'S MARKET IDEAS:

We think the trend has shifted down in the petroleum markets, unless US macroeconomic and financial market uncertainty is resolved without damaging global sentiment and/or undermining the creditworthiness of US government debt. Fortunately for the bull camp, seeing a debt ceiling resolution could immediately rekindle the bull track.

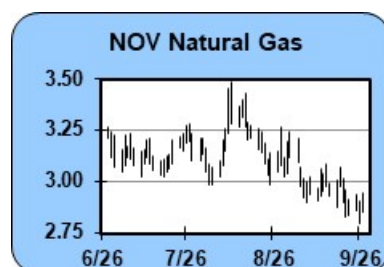
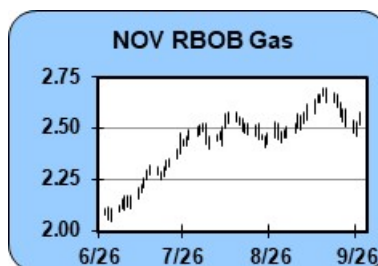
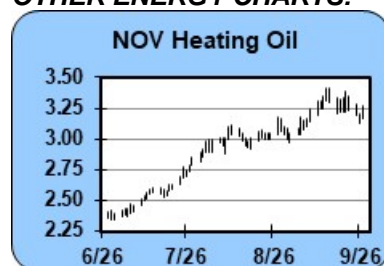
NEW RECOMMENDATIONS:

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 (NOV) 09/29/2023: A bearish signal was triggered on a crossover down in the daily stochastics. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's short-term trend is positive on the close above the 9-day moving average. The downside closing price reversal on the daily chart is somewhat negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 88.83. The next area of resistance is around 93.55 and 96.11, while 1st support hits today at 89.91 and below there at 88.83.

HEATING OIL (NOV) 09/29/2023: The downside crossover (9 below 18) of the moving averages suggests a developing short-term downtrend. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 321.22. The next area of resistance is around 331.68 and 335.11, while 1st support hits today at 324.74 and below there at 321.22.

RBOB GAS (NOV) 09/29/2023: The close under the 40-day moving average indicates the longer-term trend could be turning down. Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 238.69. The next area of resistance is around 252.83 and 260.61, while 1st support hits today at 241.87 and below there at 238.69.

NATURAL GAS (NOV) 09/29/2023: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 3.047. The next area of resistance is around 3.000 and 3.047, while 1st support hits today at 2.888 and below there at 2.822.

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										
CLAX23	91.73	66.55	68.34	77.37	74.34	91.37	90.65	89.11	84.00	81.78
CLAZ23	89.70	64.56	67.00	76.12	72.39	89.46	89.03	87.89	83.22	81.11
HOAX23	328.21	56.13	57.57	52.55	47.46	3.23	3.24	3.24	3.10	2.98
HOAZ23	316.07	57.91	58.88	55.10	50.99	3.12	3.12	3.12	3.00	2.90
RBAX23	247.35	33.03	40.11	34.37	21.92	2.51	2.55	2.58	2.53	2.47
RBAZ23	241.48	34.12	41.40	38.13	25.18	2.44	2.48	2.50	2.44	2.40
NGAX23	2.944	48.98	46.54	24.99	32.95	2.90	2.92	2.94	3.08	3.09
NGAZ23	3.339	45.44	43.38	16.65	21.70	3.31	3.32	3.37	3.53	3.53

Calculations based on previous session. Data collected 09/28/2023

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						
CLAX23	Crude Oil	88.83	89.91	92.47	93.55	96.11
CLAZ23	Crude Oil	87.12	88.11	90.29	91.28	93.46
HOAX23	Heating Oil	321.21	324.73	328.16	331.68	335.11
HOAZ23	Heating Oil	310.92	313.36	316.34	318.78	321.76
RBAX23	RBOB Gas	238.69	241.87	249.65	252.83	260.61
RBAZ23	RBOB Gas	233.79	236.61	243.52	246.34	253.25
NGAX23	Natural Gas	2.821	2.887	2.934	3.000	3.047
NGAZ23	Natural Gas	3.238	3.295	3.325	3.382	3.412

Calculations based on previous session. Data collected 09/28/2023
Data sources can & do produce bad ticks. Verify before use.

****This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.*