



DAILY ENERGY COMPLEX COMMENTARY

Tuesday January 16, 2024

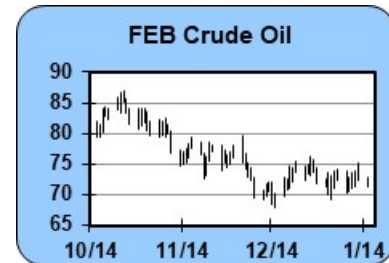
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1/16/2024

A slight upward tilt returns

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +15, HEATING OIL +390, UNLEADED GAS +422

CRUDE OIL MARKET FUNDAMENTALS: The energy markets remain caught in fundamental and technical ranges with the trade facing a measure of big picture bearish news from a strengthening dollar, an uptick in global interest rates, a large projected increase in 2024 oil exports from the Caspian Pipeline Consortium and from signs of softening Indian diesel demand. However, prices should be supported in the short-term by a 14% week over week decline in global crude oil in floating storage and from last week's news that Chinese 2023 crude oil imports posted a record of 11.28 million barrels per day or a gain of +11%. In fact, the bull camp should be emboldened by reports out of Singapore this morning suggesting Chinese refiners are in a buying mode and need to refill their inventories. It should be noted that the weekly floating oil inventory report showed the largest drawdown in supply was in the Asian Pacific region! Certainly, extreme cold temperatures throughout the US provides some demand support but that lift might be temporary as the latest National Weather Service data shows US heating degree days were 19 degree days below normal last week! On the other hand, concerns of shipping through the Red Sea has resulted in inventory backing up and in turn creating tightness in certain arrival destinations. It should also be noted that signs of increased bullish speculative interest have been noted in London with Brent \$120 calls seeing increased trading volume and Brent crude oil implied volatility jumping sharply. In a minimally supportive development, there are reports that certain US oil production areas are already suffering reduced output due to extreme cold which is expected to maintain through this week. From a technical perspective, the crude oil contract is "mostly liquidated" with the net spec and fund long position on a retest of the \$70.00 level potentially reaching the lowest level since 2011! The January 9th Commitments of Traders report showed Crude Oil Managed Money traders were net long 111,129 contracts after increasing their already long position by 21,799 contracts. Non-Commercial & non-reportable traders net sold 627 contracts and are now net long 216,692 contracts.



PRODUCT MARKET FUNDAMENTALS: With the gasoline contract showing significant volatility last week with a range of \$0.17 and the net long from positioning reports very burdensome, we see a trading range this week of \$2.24 and \$2.05. Fortunately for the bull camp Indian gasoline demand held together in the face of a sharp drop in diesel demand and Russian refiners are reportedly reducing activity which could provide minimal supply and demand support for global gasoline early this week. In fact, Russian refiners are apparently switching gasoline exports supply to domestic users and that could leave gasoline with a stronger near-term track than diesel. However, the net spec and fund long position in gasoline remains burdensome with an upside breakout potentially resulting in the largest net spec and fund long positioning since February 2021. The Commitments of Traders report for the week ending January 9th showed Gas (RBOB) Managed Money traders reduced their net long position by 7,196 contracts to a net long 62,105 contracts. Non-Commercial & non-reportable traders are net long 76,992 contracts after net selling 6,415 contracts. Initial resistance today is \$2.2190 with a key pivot point seen at \$2.1404 in March RBOB. Despite US heating degree days continuing to run well below normal (as of last week), extreme cold temperatures throughout the US will continue through the next several days potentially surprising the markets with massive, concentrated consumption evidence in the weeks ahead. Relatively speaking the diesel market net spec and fund long positioning is less overbought than gasoline or crude oil positioning and that should help thicken uptrend channel buying support today at \$2.58. The January 9th Commitments of Traders report showed Heating Oil Managed Money traders are net long 25,731 contracts after net buying 6,766

contracts. Non-Commercial & non-reportable traders added 7,084 contracts to their already long position and are now net long 50,056.

NATURAL GAS: The downside action in natural gas prices today must be devastating to the bull camp as the deepest and widest spread subzero pattern in the US in several years has failed to halt last week's reversal down from multi-month highs. However, reports that LNG shipments continue through the Red Sea indicates the markets lack of need for a supply premium from the Middle East crisis. On the other hand, a pattern of large consumption in the US should manifest in several large weekly withdrawals ahead and that combined with record US exports and some lost production due to extreme cold should help natural gas find value on the charts around \$2.367. While the net spec and fund short position in gas is not large, the net short should be expanding rapidly given the market's decline of \$0.29 since the last COT report mark off. The Commitments of Traders report for the week ending January 9th showed Natural Gas Managed Money traders are net short 45,474 contracts after net buying 32,977 contracts. Non-Commercial & non-reportable traders net bought 23,603 contracts and are now net short 54,333 contracts.

TODAY'S MARKET IDEAS:

While the bull camp has a slight edge, expectations of a major supply disruptive event from the Middle East have not materialized yet despite increased military action by all parties in the region. However, it is possible that demand concerns are set to be overshadowed by threats against supply giving the bull camp a thin edge a key support in March crude oil today is \$71.40 with an upside breakout signaled with a trade above \$73.81.

NEW RECOMMENDATIONS:

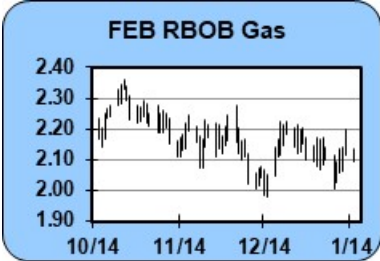
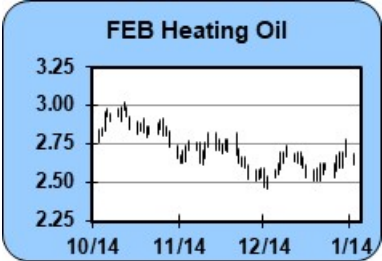
None.

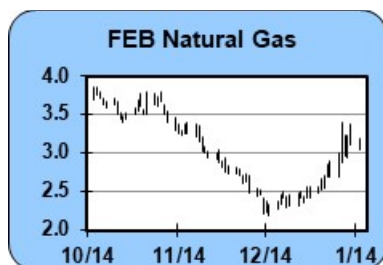
PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 1/2/2024 - 1/9/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Energies						
Crude Oil	197,502	+4,665	-216,692	+628	19,190	-5,292
Heating Oil	32,281	+3,844	-50,056	-7,083	17,775	+3,240
Natural Gas	-65,438	+26,948	54,333	-23,604	11,105	-3,345
Gas (RBOB)	72,259	-3,938	-76,992	+6,415	4,733	-2,477

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 (FEB) 01/16/2024: The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 76.19. The next area of resistance is around 74.25 and 76.19, while 1st support hits today at 71.37 and below there at 70.42.

HEATING OIL (FEB) 01/16/2024: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 282.19. The next area of resistance is around 273.75 and 282.19, while 1st support hits today at 261.75 and below there at 258.19.

RBOB GAS (FEB) 01/16/2024: A bullish signal was given with an upside crossover of the daily stochastics. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 222.27. The next area of resistance is around 216.56 and 222.27, while 1st support hits today at 208.34 and below there at 205.84.

NATURAL GAS (FEB) 01/16/2024: A bullish signal was given with an upside crossover of the daily stochastics. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 3.575. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 3.503 and 3.575, while 1st support hits today at 3.231 and below there at 3.030.

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										
CLAG24	72.81	51.77	49.48	43.10	43.23	72.11	72.03	72.77	73.75	75.83
CLAH24	72.93	51.74	49.50	41.61	41.54	72.19	72.16	72.93	73.84	75.73
HOAG24	267.75	58.30	54.17	50.20	56.64	2.65	2.61	2.62	2.64	2.70
HOAH24	262.27	56.93	53.08	48.22	53.87	2.60	2.57	2.58	2.60	2.66
RBAG24	212.45	52.68	50.48	40.73	44.51	2.10	2.10	2.13	2.13	2.16
RBAH24	214.69	52.94	50.75	42.19	45.58	2.12	2.12	2.15	2.15	2.18
NGAG24	3.367	78.95	72.14	81.45	83.96	3.17	2.96	2.70	2.78	2.98
NGAH24	2.640	62.37	57.06	74.70	71.57	2.61	2.56	2.43	2.58	2.77

Calculations based on previous session. Data collected 01/12/2024
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						
CLAG24	Crude Oil	70.41	71.36	73.30	74.25	76.19
CLAH24	Crude Oil	70.60	71.53	73.40	74.33	76.20
HOAG24	Heating Oil	258.19	261.75	270.19	273.75	282.19
HOAH24	Heating Oil	253.78	256.95	264.42	267.58	275.06
RBAG24	RBOB Gas	205.83	208.34	214.05	216.56	222.27
RBAH24	RBOB Gas	208.46	210.75	216.33	218.62	224.20
NGAG24	Natural Gas	3.029	3.230	3.302	3.503	3.575
NGAH24	Natural Gas	2.515	2.589	2.617	2.691	2.719

Calculations based on previous session. Data collected 01/12/2024
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