



## DAILY ENERGY COMPLEX COMMENTARY

Tuesday January 23, 2024

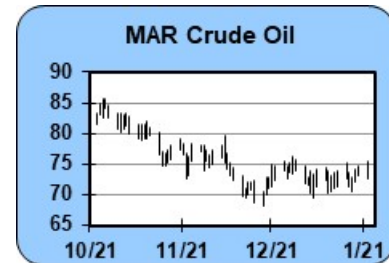
### DAILY ENERGY COMPLEX COMMENTARY

1/23/2024

#### Fresh supply threats against Russia add to ongoing ME threat

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**CRUDE -76, HEATING OIL -138, UNLEADED GAS -357**

**CRUDE OIL MARKET FUNDAMENTALS:** Taking a step back it appears that the petroleum markets have embraced slightly better energy demand expectations from positive US data with the trade apparently no longer disappointed in the lack of an early 2024 US rate cut. Certainly, Middle East supply issues continue to add a measure of support for prices but talk of a "new front" in the war between Russia and Ukraine involves both sides attacking energy infrastructure and disruptions of Russian refinery activity and or exports is critical with Russia becoming the largest exporter to China! Furthermore, reports are tankers utilizing Red Sea transit continue to drop which in effect locks in some supply and or presents enough delays to shift demand to other sources. In addition to the Ukraine drone attacks on Russian oil infrastructure, poor weather has also reduced Russian supply flow with crude oil flows this month falling by 150,000 barrels per day. Fresh negative developments include Libya of returning to 1.2 million barrels per day of production after restarting its largest oil field and news that Norway increased production by 1.9% this month. In a slightly negative crude oil centric development, US Gulf Coast refinery activity has been slow to recover from the cold blast and that could have backed up US crude supply last week. While we continue to doubt the upside capacity in crude oil given ongoing concerns of slowing global demand and rebuilding supply, yesterday's rally above the 200-day moving average suggests something more than simple technical balancing is lifting prices. The 200-day moving average at \$75.40 becomes a key pivoting point on the upside with trade above that level potentially projecting crude up to \$76.31. This week's Reuters poll projects a decline in EIA crude stocks of 3 million barrels which in turn would result in a second straight week inventory declines and potentially a year-over-year deficit above 20 million barrels. While not a direct threat to global supply, a Russian refinery was damaged by a Ukrainian drone with Russia and Ukraine ratcheting up attacks, and therefore it is possible that Russian export facilities could be brought down. In a minimal negative, US temperatures return to normal but consistent gains in equities and "Goldilocks" US scheduled data has seemingly improved the global economic outlook which in turn should help tamp down energy demand concerns. A key resistance point for March crude oil is a four-month-old downtrend channel resistance line at \$75.20 today. We give the edge to the bull camp, but do not see strong fundamental evidence to back up an upside extension.



**PRODUCT MARKET FUNDAMENTALS:** While the upside extension yesterday in gasoline seemed to be overdone, a fresh higher high this morning and news that US refiners have been slow to recover from the polar vortex provides the bull camp with an ongoing edge. Apparently, 15% of US Gulf Coast refinery activity was lost with that capacity remaining down as of yesterday. Furthermore, total US refinery output idled by the storm was pegged at 1.7 million barrels per day as of yesterday! Clearly, the Russian refinery outage from a Ukraine drone attack lifted gasoline prices yesterday as that refinery will be offline for several weeks. Furthermore, concerns are that Russia and Ukraine are both increasingly targeting oil and energy facilities. This week's Reuters poll projects EIA gasoline stocks to rise by 2.2 million barrels which would be a fourth straight inflow with more than 25 million barrels coming in since the middle of December. With the rally above the 100 day and 200 day moving averages yesterday the next upside target in gasoline is \$2.30. With the diesel market unable to rise in sync with crude oil and gasoline yesterday it is clear that the return to mild US temperatures has thwarted bullish interest in diesel. This week's Reuters poll projects EIA distillate stocks to decline by 1.2 million barrels and expects refinery runs to be down 1% from last week's 92.6%.

**NATURAL GAS:** With a gap down washout in natural gas to start the week and a fresh lower low this morning, mild US temperatures in the coming two weeks has seemingly ended the 2024 winter supply threat in the natural gas futures trade. However, there is the potential for another polar vortex in the middle of February but that should not help support prices in the near-term. While the late December low of \$2.098 could offer a measure of support, the bear camp has a list of themes operating in its favor and a downside breakout is likely. In fact, overnight h Asian LNG prices continued to decline despite Russian attempts to raise prices to China yesterday. This week's Reuters poll projects EIA natural gas in storage to see a large drawdown. In fact, some analysts saw the potential for huge draws between 311 and 324 bcf.

**TODAY'S MARKET IDEAS:**

The path of least resistance is up with the war between Russia and Ukraine becoming a bigger threat to global energy supply flow. The bull camp should see additional support today if the US API crude oil inventories fall by a moderately significant 3 million barrels. Certainly, the world is seeing an improvement in global economic sentiment (outside of China) and that is repairing injured energy demand views.

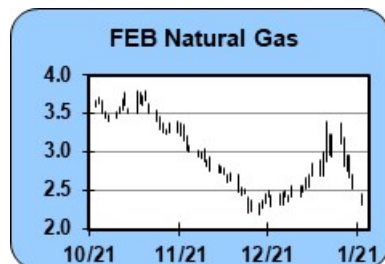
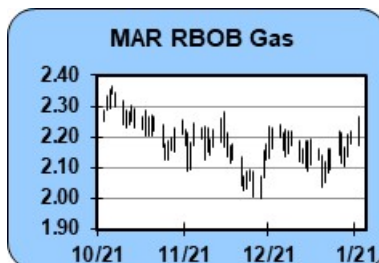
**NEW RECOMMENDATIONS:**

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 (MAR) 01/23/2024:** The upside crossover of the 9 and 18 bar moving average is a positive signal. 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. The daily closing price reversal up is a positive indicator that could support higher prices. The market setup is supportive for

early gains with the close over the 1st swing resistance. The next upside target is 77.18. The next area of resistance is around 76.00 and 77.18, while 1st support hits today at 73.10 and below there at 71.38.

HEATING OIL (MAR) 01/23/2024: The major trend could be turning up with the close back above the 60-day moving average. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside target is 273.21. The next area of resistance is around 270.37 and 273.21, while 1st support hits today at 262.49 and below there at 257.46.

RBOB GAS (MAR) 01/23/2024: The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day up is a positive signal. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 233.09. The next area of resistance is around 230.47 and 233.09, while 1st support hits today at 221.29 and below there at 214.72.

NATURAL GAS (MAR) 01/23/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The gap lower price action on the day session chart is a bearish indicator for trend. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 2.067. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 2.164 and 2.212, while 1st support hits today at 2.092 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
<b>ENERGY COMPLEX</b>										
CLAH24	74.55	59.56	54.80	55.02	65.90	73.56	72.82	72.77	73.49	74.89
CLAJ24	74.44	58.85	54.38	53.01	63.94	73.46	72.81	72.83	73.55	74.83
HOAH24	266.43	62.83	57.56	60.37	66.86	2.64	2.62	2.58	2.60	2.64
HOAJ24	260.75	63.09	57.41	60.67	68.99	2.58	2.56	2.53	2.55	2.59
RBAH24	225.88	68.59	61.87	67.61	81.73	2.20	2.16	2.15	2.15	2.17
RBAJ24	245.53	69.60	62.65	69.29	83.18	2.40	2.36	2.35	2.35	2.36
NGAH24	2.128	28.28	33.51	40.37	20.63	2.32	2.46	2.45	2.50	2.69
NGAJ24	2.151	28.74	34.09	43.10	22.54	2.32	2.45	2.42	2.47	2.63

Calculations based on previous session. Data collected 01/22/2024

Data sources can & do produce bad ticks. Verify before use.

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>ENERGY COMPLEX</b>						
CLAH24	Crude Oil	71.38	73.09	74.28	76.00	77.18
CLAJ24	Crude Oil	71.38	73.05	74.15	75.82	76.92
HOAH24	Heating Oil	257.45	262.49	265.33	270.37	273.21
HOAJ24	Heating Oil	252.40	257.12	259.65	264.37	266.90
RBAH24	RBOB Gas	214.71	221.28	223.90	230.47	233.09
RBAJ24	RBOB Gas	235.25	241.26	243.78	249.79	252.31
NGAH24	Natural Gas	2.066	2.091	2.139	2.164	2.212
NGAJ24	Natural Gas	2.090	2.114	2.164	2.188	2.238

Calculations based on previous session. Data collected 01/22/2024

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