



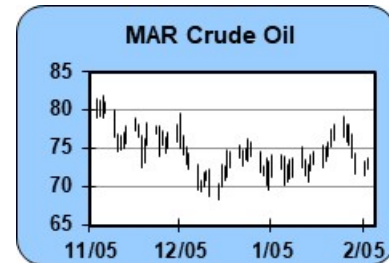
DAILY ENERGY COMPLEX COMMENTARY Wednesday February 07, 2024

DAILY ENERGY COMPLEX COMMENTARY 2/7/2024

Bulls have early edge ahead of inventory data

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +57, HEATING OIL +345, UNLEADED GAS +138**

CRUDE OIL MARKET FUNDAMENTALS: CRUDE OIL MARKET FUNDAMENTALS: The market trades within a four-day range, as it contends with geopolitical headline flow out of the Middle East and the latest US inventory readings. The outside market tone is mixed to start, with a slightly lower US dollar, more overnight gains in Chinese shares and slightly lower European and US indices. The market will key into a few Fed member speeches today, hoping to gain clarity on rate cuts. Early support this morning comes from geopolitical risks, with Houthi militants firing more anti-ship ballistic missiles from Yemen toward the Southern Red Sea area. The ongoing attacks continue to reroute shipping activity, estimated at 12% of all global trade. Hopes for a ceasefire between Hamas and Israel threaten the risk-premium in the market. US Secretary of State Blinken has traveled to the Middle East this week, which could lead to a de-escalation of tensions. For now, the US Secretary of State says there is still a lot of work to be done, but an agreement is possible and Saudi Arabia says no deal until Gaza aggression is stopped. Ceasefire talk has taken some risk premium out of energy prices. Expectations for this morning's EIA inventory are for a build in crude inventories of around 1.9 million barrels. API data after yesterday's close showed a smaller than expected build US supplies of 674,000 barrels. The EIA Short-Term Energy Outlook yesterday reduced 2024 US production to 12.6 million barrels per day, down from their previous forecast of 13.3 mbpd. The report also showed a modest increase of world crude oil demand, which offers a source of support to prices over the near term.



PRODUCT MARKET FUNDAMENTALS: US product markets trade higher to start, with both March RBOB and ULSD hitting a new four-day high. So far, RBOB managed to shake off last night's API data that showed a much larger than anticipated build in gasoline supplies last week of 3.65 million barrels. Expectations for this morning's EIA report are for a modest build of 100,000 barrels. It also appears the market is looking past reports lukewarm winter driving demand. US gasoline supply normally reaches a yearly high during the January - February time frame, but last week's reading of 254.134 million barrels was the highest total since February 2021. There should be some improvement in the refinery utilization reading as temperatures have improved in many areas of the US, and that could lead to upticks for implied gasoline demand and implied distillate demand. In contrast, ULSD found support from expectations that US distillate stocks will decline for a third week in a row. Support for March RBOB comes in at \$2.1750, while near term support for March ULSD stands at \$2.6850.

Weekly EIA Petroleum Estimates - Week Ending 2/2/2024 - In Million Barrels				
	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	2.3	1.9	421.9	1.2
Distillates	-1	-1.4	130.8	-2.5
Gasoline	0.7	0.3	254.1	1.2

NATURAL GAS: The March contract enters the morning session at the \$2.00 level and is holding just above yesterday's new contract low of \$1.997. Since early January, natural gas prices have been unable to sustain a recovery move and have now fallen below a key psychological level. Warmer than normal temperatures across the Midwest and northeast US in the latest 6-to-10-day forecast are likely to reduce heating and powerplant demand, and that continues to pressure prices. The EIA forecast this 2024 US dry gas production will reach a record high 104.37 billion cubic feet per day (bcf/day) which compares with 2023's previous record high 103.75 bcf/day. Projection for 2025 US dry gas production will reach 106.46 bcf/day. The EIA estimated 2024 US domestic gas consumption would reach a record high 90.64 bcf/day versus 88.96 bcf/day in 2023, but that consumption would fall back to 89.55 bcf/day in 2025. Unless the US weather becomes more seasonally cold, the bears continue to hold the upper hand with March natural gas finding near-term resistance at \$2.100 while support is down at \$1.900.

TODAY'S MARKET IDEAS:

WTI and US product markets trade higher ahead of weekly inventory readings. Of particular interest today will be Fed member speeches and clarity on the timing of interest rate cuts, as well as signs of progress toward a peace deal between Israel and Hamas. Geopolitical tensions in the Middle East and Russia offer a supportive force under the market. The early edge goes to the bull camp, with potential for a technically oversold bounce. March crude oil support comes in at \$71.50, with resistance coming in at \$74.40 and \$75.36.

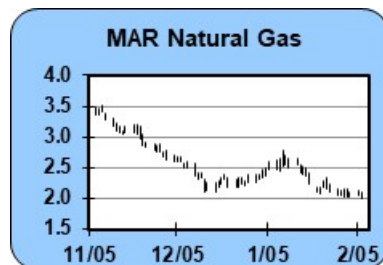
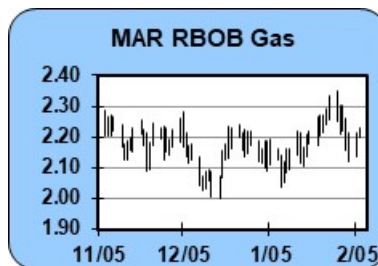
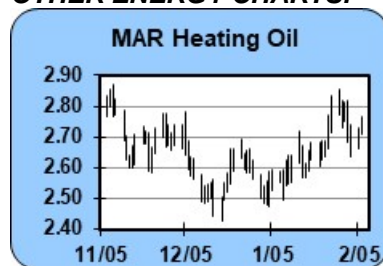
NEW RECOMMENDATIONS:

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) 02/07/2024: The cross over and close above the 40-day moving average indicates the longer-

term trend has turned up. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside objective is now at 71.86. The next area of resistance is around 74.22 and 74.74, while 1st support hits today at 72.78 and below there at 71.86.

HEATING OIL (MAR) 02/07/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 268.99. The next area of resistance is around 277.35 and 279.48, while 1st support hits today at 272.11 and below there at 268.99.

RBOB GAS (MAR) 02/07/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 218.76. The next area of resistance is around 223.76 and 224.81, while 1st support hits today at 220.74 and below there at 218.76.

NATURAL GAS (MAR) 02/07/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The close below the 1st swing support could weigh on the market. The next downside target is now at 1.921. The next area of resistance is around 2.054 and 2.130, while 1st support hits today at 1.950 and below there at 1.921.

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										
CLAH24	73.50	45.68	47.72	49.15	35.41	73.10	75.36	74.42	73.20	74.04
CLAJ24	73.53	45.93	47.85	49.06	35.54	73.12	75.28	74.36	73.27	74.06
HOAH24	274.73	58.14	57.65	62.89	57.51	2.71	2.75	2.69	2.61	2.63
HOAJ24	268.40	57.92	57.43	64.86	59.04	2.65	2.69	2.63	2.56	2.58
RBAH24	222.25	50.95	51.77	54.16	44.67	2.19	2.24	2.22	2.16	2.17
RBAJ24	244.99	52.95	53.69	58.79	49.47	2.42	2.47	2.43	2.36	2.37
NGAH24	2.002	30.47	33.89	9.05	6.94	2.05	2.09	2.23	2.33	2.47
NGAJ24	2.000	28.52	32.85	8.96	6.50	2.06	2.11	2.24	2.32	2.44

Calculations based on previous session. Data collected 02/06/2024

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
ENERGY COMPLEX						
CLAH24	Crude Oil	71.85	72.77	73.30	74.22	74.74
CLAJ24	Crude Oil	71.95	72.83	73.35	74.23	74.75
HOAH24	Heating Oil	268.98	272.10	274.23	277.35	279.48
HOAJ24	Heating Oil	263.19	266.05	267.90	270.76	272.61
RBAH24	RBOB Gas	218.75	220.73	221.78	223.76	224.81
RBAJ24	RBOB Gas	240.98	243.27	244.42	246.71	247.86
NGAH24	Natural Gas	1.920	1.949	2.025	2.054	2.130
NGAJ24	Natural Gas	1.943	1.963	2.017	2.037	2.091

Calculations based on previous session. Data collected 02/06/2024

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