



DAILY ENERGY COMPLEX COMMENTARY

Friday March 15, 2024

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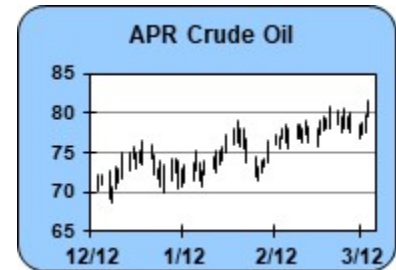
3/15/2024

Residual petroleum market bullishness Middle East concerns remain

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -42, HEATING OIL -141, UNLEADED GAS -102

CRUDE OIL MARKET FUNDAMENTALS: A slight corrective tone early today is likely the result of J.P. Morgan predictions overnight that Russia will be able to maintain exports at the current pace through June despite their 500,000 barrel per day production cut from their share of the production restraint scheme.

Other minimal negatives include reports that Hamas has floated a cease-fire proposal, a slight 1% year-over-year decline in January Indian refiner activity and a prediction yesterday from the EIA that non-OPEC+ production will fuel global production growth this year. However, the cease-fire proposal seems primarily focused on a prisoner swap and not necessarily to allow for peace negotiations. On the other hand, potential support from Middle East events remains in place with the head of the Iranian foreign espionage and paramilitary force visiting Beirut to discuss the threat of Israel expanding its attacks to Lebanon. At least in the early going today bullish resiliency has moderated but remains in place. In addition to Middle East supply threats, it seems like the bull camp is being inspired by classic supply and demand issues. We suspect a large part of the bullish sentiment wave this week came from the increase in 2024 oil demand forecasts from the IEA, and from an even larger upward increase in a demand forecast from OPEC. Also adding into the bullish tilt is the fact that the IEA revised a previous supply estimate and suggested the global oil market would tighten this year. It should be noted that OPEC sees demand jumping much more than the IEA with Reuters pegging the difference in demand projections equal to 1% of total world consumption. However, macroeconomic headwinds will likely hold back crude after the prospects of a US rate cut in June were lowered again which sparked a sharp gain in the US dollar. On the other hand, the terrorists in Yemen have indicated they plan to increase terrorist attacks during Ramadan and that increases the potential of other terrorist groups launching their own attacks. Even though crude prices held ground in the wake of Russian oil minister promises of an increase in Russian oil exports, the markets are more concerned about recent Russian refinery shutdowns from Ukrainian drone attacks which could become a major impact on the world oil markets if Ukraine can continue to hit key oil infrastructure targets. While we cannot argue against additional upside gains, short-term technical indicators are overdone and week ending profit-taking could offset speculative buyers moving in for weekend Middle East events.



PRODUCT MARKET FUNDAMENTALS: Clearly, the gasoline market has become the leadership market of the petroleum complex with traders seemingly anticipating a seasonal improvement in US gasoline demand, further tightening of US gasoline supplies and perhaps disruption of Russian fuel exports from recent refinery attacks. As indicated in the crude oil coverage today, terrorists from Yemen have indicated there will be an escalation of attacks during Ramadan. However, the biggest threat against global supply is Ukrainian drone attacks as the second refinery targeted this week generates 11% of total Russian gasoline needs. Unfortunately for the bull camp, the gasoline market is massively short-term overbought from a five-day low to high explosion of \$0.19 with an adjusted net spec and fund long positioning likely the highest in 12 months! While we will not rule out additional gains above \$2.71 in April RBOB, long gasoline positions are unattractive from a risk and reward perspective.

NATURAL GAS: Without a very surprising bullish development which catches the market totally off guard, we doubt the downward track in natural gas prices has run its course. Certainly, the withdrawal from inventories

yesterday was above expectations of a withdrawal of three BCF, we see the market's reaction to that news as dramatically overdone. In fact, supply side fundamentals worsened overall yesterday following the release of the weekly EIA working gas in storage report. Not only did the report show the smallest weekly draw of the winter season, but the surplus to five-year average inventory levels also expanded again and in turn should ratchet up bearishness toward summer contracts. The weekly natural gas storage report showed a draw of 9 bcf. Total storage stands at 2,325 bcf or 37.1% above the 5-year average. Over the last four weeks, natural gas storage has declined 205 bcf. We still see fresh contract lows ahead, with the recovery yesterday not justified by the argument that the weekly withdrawal was larger than expected!

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
3/8/2024	-9	2325	336	-205	37.1%	

TODAY'S MARKET IDEAS:

With significant bullish momentum, petroleum prices could easily extend early in today's trade. However, in addition to a significant short-term overbought condition, a strengthening dollar is likely to provide ongoing headwinds and given a 6.2% five week jump in the US refinery operating rate, it is possible US product supplies will begin to show signs of rebuilding next week. In conclusion, longs should place price objectives just above the early market today, implement stops, or purchase options protection.

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 (MAY) 03/15/2024: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 82.21. The next area of resistance is around 81.51 and 82.21, while 1st support hits today at 79.63 and below there at 78.45.

HEATING OIL (MAY) 03/15/2024: 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 close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next upside target is 271.51. The next area of resistance is

around 269.90 and 271.51, while 1st support hits today at 266.20 and below there at 264.10.

RBOB GAS (MAY) 03/15/2024: 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. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 272.65. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 271.00 and 272.65, while 1st support hits today at 266.18 and below there at 263.00.

NATURAL GAS (MAY) 03/15/2024: The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The outside day up and close above the previous day's high is a positive signal. The market's close above the 2nd swing resistance number is a bullish indication. The next downside objective is now at 1.722. The next area of resistance is around 1.927 and 1.967, while 1st support hits today at 1.805 and below there at 1.722.

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										
CLAK24	80.57	68.09	63.44	64.27	73.61	78.66	78.27	77.89	76.05	75.36
CLAM24	79.97	68.66	63.70	67.78	77.41	78.21	77.76	77.36	75.71	75.10
HOAK24	268.05	60.78	57.26	51.48	69.12	2.63	2.61	2.61	2.61	2.58
HOAM24	265.48	64.11	59.82	56.54	75.18	2.60	2.58	2.57	2.56	2.54
RBAK24	268.59	70.01	65.04	65.71	80.86	2.62	2.58	2.56	2.50	2.47
RBAM24	264.94	70.07	65.07	66.28	81.05	2.59	2.55	2.53	2.47	2.44
NGAK24	1.866	42.75	42.33	36.01	24.66	1.83	1.94	1.94	2.10	2.18
NGAM24	2.126	44.75	44.43	40.91	28.49	2.10	2.19	2.18	2.29	2.36

Calculations based on previous session. Data collected 03/14/2024

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						
CLAK24	Crude Oil	78.45	79.63	80.33	81.51	82.21
CLAM24	Crude Oil	78.02	79.10	79.75	80.83	81.48
HOAK24	Heating Oil	264.09	266.19	267.80	269.90	271.51
HOAM24	Heating Oil	261.57	263.71	265.10	267.24	268.63
RBAK24	RBOB Gas	262.99	266.17	267.82	271.00	272.65
RBAM24	RBOB Gas	259.46	262.58	264.17	267.29	268.88
NGAK24	Natural Gas	1.721	1.804	1.844	1.927	1.967
NGAM24	Natural Gas	2.002	2.074	2.106	2.177	2.209

Calculations based on previous session. Data collected 03/14/2024

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