



## DAILY ENERGY COMPLEX COMMENTARY

Wednesday March 20, 2024

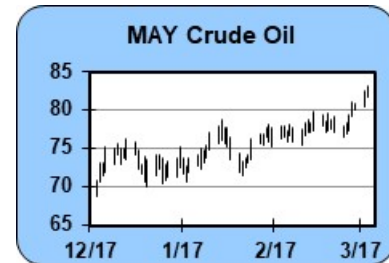
### DAILY ENERGY COMPLEX COMMENTARY

3/20/2024

#### Oil sees profit taking ahead of EIA data and Fed decision

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**CRUDE -87, HEATING OIL -509, UNLEADED GAS -359**

**CRUDE OIL MARKET FUNDAMENTALS:** May crude oil is drifting lower ahead of the US opening following yesterday's drive into a new 5-month high. The outside market tone is softer to start, with a measure of profit taking expected in front of today's Federal Reserve meeting notes. And that's reasonable given another day of gains in the US dollar index and a nearly 9% gain in May crude oil from last week's low into yesterday's new contract high. The oil market appears to discount reports last night from the American Petroleum Institute (API) showing a draw in US crude oil supplies last week of 1.519 million barrels. This is different than expectations for this morning's EIA inventory report calling for a modest build in the range of 25,000 barrels. At least for this morning's price action, this week's string of supportive US and Chinese economic data, Russian supply constraints following Ukrainian drone attacks and a pullback in oil export flows from Iraq and Saudi Arabia are taking a backseat. The market also appears to discount an interview with a prominent hedge fund manager who's bullish oil if the Fed pursues rate cuts, especially as China's manufacturing sector recovers and Europe moves to replenish supplies. That sentiment was echoed by a Morgan Stanley report that raised their price target for Brent crude oil over the summer by \$10 per barrel toward the \$90 level.



**PRODUCT MARKET FUNDAMENTALS:** RBOB prices enter US trading hours under pressure and reverse yesterday's rally into new contract high territory. Bearish reversal action appears to be profit-taking following a 10% gain in prices from last week's low into yesterday's high. An AAA report indicated that US gasoline pump prices are at their highest seasonal average in two-years. Downside potential in US gasoline should be held in check by tight inventories that are 2.6% below their 5-year average for this time of the year. API inventory data last night showed a draw in US gasoline supplies last week of 1.574 million barrels, which is in alignment with expectations for today's EIA report. Meanwhile, US distillate inventories are also tight, with last week's EIA reading of 117.898 million barrels or 7.3% below its 5-year average for this time of the year. Like RBOB, any downside in ULSD is likely to be checked by Chinese customs data that showed a 21% jump in fuel oil imports of 26.78 million barrels during the first two-months of the year compared to the year ago period. API data released last night showed a build in US distillate supplies last week of 512,000 barrels, which is a bit different than forecast calling for a slight decrease in this morning's EIA report.

#### Weekly EIA Petroleum Estimates - Week Ending 3/15/2024 - In Million Barrels

	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	0.3	-0.1	447	-1.5
Distillates	0.1	-0.3	117.9	0.9
Gasoline	-1.2	-1.6	234.1	-5.7

**NATURAL GAS:** May natural gas prices challenged the topside of the recent trading range at the \$1.90 level and have since backed off. Support comes from a pullback in production ahead of US maintenance, prospects for increased power demand from a colder weather outlook and expectations for a boost in LNG demand. The latest weather forecasts call for a colder shift in US temperatures across the Midwest and along the east coast into the weekend. The bull camp also looks to prospects for reduced near term production ahead of maintenance events in the Northeast, Texas and Permian New Mexico. Expectations for tomorrow's EIA storage report are for a modest build of 7 bcf. May natural gas prices carved out a trading range, with near term resistance coming in at \$1.90 and support at \$1.801. Price action above the topside would open the door for a retest of \$2.152.

#### **TODAY'S MARKET IDEAS:**

Downside across the oil complex could be tempered by a tight supply situation, improving Chinese and US economic readings and reduced export flows from Iraq and Saudi Arabia. However, the oil complex has become technically overbought following recent gains and vulnerable to a corrective setback, which becomes more likely in front of this afternoon's FOMC meeting decision. And while expectations are for no change in interest rates, the corresponding press conference could alter the projected path for rates. May crude oil close in support stands at \$81.09. May RBOB has near term support today at \$2.7058, then \$2.6727.

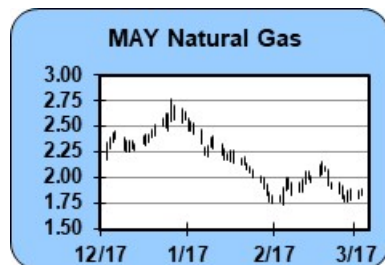
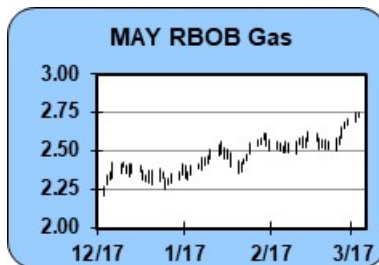
#### **NEW RECOMMENDATIONS:**

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) 03/20/2024:** Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The close over the pivot swing is a somewhat positive setup. The next upside objective is 83.88. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 83.34 and 83.88, while 1st support hits today at 82.04 and below there at 81.27.

HEATING OIL (MAY) 03/20/2024: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 276.70. The next area of resistance is around 275.40 and 276.70, while 1st support hits today at 272.80 and below there at 271.49.

RBOB GAS (MAY) 03/20/2024: 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. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 277.58. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 276.44 and 277.58, while 1st support hits today at 273.20 and below there at 271.11.

NATURAL GAS (MAY) 03/20/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close above the 9-day moving average is a positive short-term indicator for trend. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside objective is now at 1.814. The next area of resistance is around 1.912 and 1.930, while 1st support hits today at 1.854 and below there at 1.814.

## 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>										
CLAK24	82.69	75.30	68.95	79.55	88.68	81.54	79.56	78.66	76.69	75.74
CLAM24	82.06	76.53	69.66	82.66	90.99	81.00	79.08	78.12	76.32	75.45
HOAK24	274.10	65.06	60.96	75.16	87.34	2.72	2.66	2.63	2.63	2.59
HOAM24	271.64	67.99	63.41	78.97	90.22	2.69	2.63	2.60	2.58	2.55
RBAK24	274.82	75.86	69.49	84.32	93.87	2.72	2.64	2.60	2.53	2.48
RBAM24	270.99	76.13	69.69	84.52	93.94	2.69	2.61	2.57	2.50	2.46
NGAK24	1.883	47.54	45.26	25.06	22.74	1.84	1.86	1.93	2.05	2.16
NGAM24	2.120	47.01	45.68	26.48	21.43	2.09	2.11	2.17	2.25	2.34

Calculations based on previous session. Data collected 03/19/2024

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>						
CLAK24	Crude Oil	81.26	82.03	82.57	83.34	83.88
CLAM24	Crude Oil	80.79	81.49	81.93	82.63	83.07
HOAK24	Heating Oil	271.48	272.79	274.09	275.40	276.70
HOAM24	Heating Oil	269.55	270.64	271.54	272.63	273.53
RBAK24	RBOB Gas	271.10	273.20	274.34	276.44	277.58
RBAM24	RBOB Gas	267.73	269.53	270.63	272.44	273.53
NGAK24	Natural Gas	1.814	1.854	1.872	1.912	1.930
NGAM24	Natural Gas	2.064	2.095	2.112	2.143	2.160

Calculations based on previous session. Data collected 03/19/2024

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