



DAILY ENERGY COMPLEX COMMENTARY

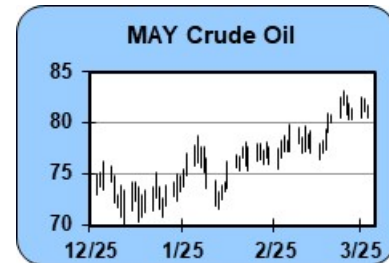
Thursday March 28, 2024

DAILY ENERGY COMPLEX COMMENTARY 3/28/2024

Bullish petroleum versus bearish natural gas

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +92, HEATING OIL +38, UNLEADED GAS +190

CRUDE OIL MARKET FUNDAMENTALS: The bull camp has several bullish themes in play today with OPEC+ production restraint generally expected to result in tighter world supplies and positive demand signals flowing for crude oil, gasoline, and diesel. In the crude oil market both China and India continue to feed at the trough of Russian supply flow and according to Bloomberg, gasoline consumption on a global basis is improving (even in Europe) while global jet fuel demand is also expanding. However, the jury will remain out on the idea that OPEC plus production restraint will be capable of lifting prices as far as some recent (\$100 Brent) forecasts. Another minor supportive development is the prospect of continued US strategic petroleum reserve buying with targeted pricing of \$79.00. Despite a slight negative track early yesterday, energy prices recovered without assistance from outside markets. In fact, crude oil prices also recovered in the face of a significant narrowing of the year-over-year EIA crude oil inventory deficit and in the face of a 3.1 million barrel weekly inflow to EIA crude oil stocks. While a 3.1 million barrel weekly inflow to EIA crude oil stocks would ordinarily be very bearish to prices, the massive API crude stocks inflow from Tuesday afternoon sparked the initial washout yesterday, thereby allowing the EIA reading to be seen as a relief for the bull camp. EIA crude stocks rose 3.165 million barrels and are 25.484 million barrels below year ago levels. Also, crude stocks stand 8.592 million barrels below the five-year average. Crude oil imports for the week stood at 6.702 million barrels per day compared to 6.278 million barrels the previous week. The refinery operating rate was 88.7%, up 0.9% from last week compared to 90.3% last year and the five-year average of 87.6%. In today's action, we suspect big picture macroeconomic forces will play a large role in price action with as expected or hotter than expected PCE readings resulting in a soft finish to the holiday shortened US trading week. Uptrend channel support in May crude oil today is well off the market down at \$79.09 with closer in pivot point support pegged at \$80.30.



PRODUCT MARKET FUNDAMENTALS: While gasoline prices this morning are not showing as much strength as crude oil, the bias has improved slightly from the significant erosive action of the prior two trading sessions. As indicated in crude oil coverage this morning Bloomberg has noted improved global gasoline demand even in the economically challenged euro zone. Even supply news is supportive this morning with Singapore fuel inventories dropping a second straight week, but that news is offset by projections that Chinese refineries are ramping up activity. However, the weekly EIA report was bearish to gasoline with stock levels expanding and the year-over-year inventory surplus expanding. Furthermore, the weekly implied gasoline demand reading came in at the lowest level since February 23rd and this week's implied demand reading was the second straight week where 2024 implied demand came in below seasonal levels. EIA gasoline stocks rose 1.299 million barrels and are 5.378 million barrels above last year and 3.069 million below the five-year average. Average total gasoline demand for the past four weeks was up 0.9% compared to last year. Gasoline imports came in at 522,000 barrels per day compared to 496,000 barrels the previous week. Given the aggressive midmonth rally in gasoline of nearly \$0.25, close in support is suspect at \$2.6576 in the May gasoline contract. Longer-term uptrend channel support today is \$2.5810, with that level potentially tested in the event of a big picture macroeconomic washout in commodity prices. While many traders see the diesel market as the "dark horse" in the petroleum markets, concerns of significant diesel supply tightening from Russian export halts have not materialized leaving the market in a washout mode. EIA distillate stocks fell 1.185 million barrels and stand at 654,000 barrels above last year and 7.938 million below the five year average. Distillate imports came in at 165,000 barrels per day

compared to 170,000 barrels the previous week. Average total distillate demand for the past four weeks was up 2.18% compared to last year.

Weekly EIA Petroleum Report						In Million Barrels	
CRUDE OIL	Stocks				Imports	Refinery Capacity(%)	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
3/22/2024	448.207	+3.165	-25.484	456.799	6.702	88.7	
DISTILLATES	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
3/22/2024	117.337	-1.185	+0.654	125.275		4.028	
GASOLINE	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
3/22/2024	232.072	+1.299	+5.378	235.141	0.522	8.715	

NATURAL GAS: Despite Bloomberg coverage overnight noting Chinese LNG inventories have dropped to nine-month lows, natural gas prices have forged fresh contract lows! In fact, LNG prices in China are now below LPG and diesel which leaves only coal as the go to source for many energy generating systems. As we have been predicting for weeks, natural gas continues to forge fresh contract lows and that action is likely to continue even if today's weekly EIA gas in storage report shows a surprisingly large withdrawal. In other words, the northern hemisphere heating season is virtually finished and with US inventories more than 40% above five-year average seasonal inventories, there are many reasons to sell futures and very few reasons to buy futures. Bearish sentiment is so widespread that the markets have been presented with headlines that more than adequate supply is now likely for next winter!

TODAY'S MARKET IDEAS:

From classic internal supply fundamentals, the bear camp looks to have an edge today, but overnight headlines have attempted to shift the supply narrative in favor of the bull camp with suggestions that OPEC plus restraint is and will continue to have an impact. However, with a very important US inflation report to be released early today, it is possible that big picture macroeconomic issues will dominate, with energy bulls needing increased odds of a June US rate cut to throw off the current bearish tilt. In other words, the bull camp hopes PCE will be soft resulting in a softer dollar, lower treasury yields and a pickup of economic optimism from revitalized rate cut hopes. From an anecdotal perspective, we see prices faltering further following predictions of \$100 per barrel Brent crude oil pricing.

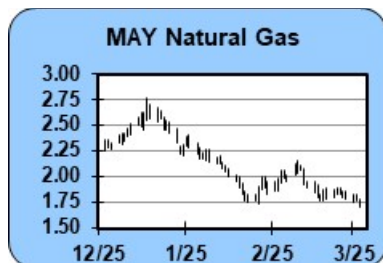
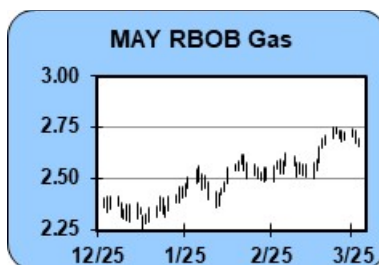
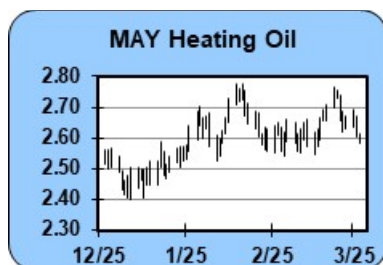
NEW RECOMMENDATIONS:

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) 03/28/2024: The daily stochastics have crossed over up which is a bullish indication. Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 82.61. The next area of resistance is around 82.30 and 82.61, while 1st support hits today at 81.12 and below there at 80.24.

HEATING OIL (MAY) 03/28/2024: 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. The market tilt is slightly negative with the close under the pivot. The next downside objective is 256.85. The next area of resistance is around 262.14 and 263.38, while 1st support hits today at 258.88 and below there at 256.85.

RBOB GAS (MAY) 03/28/2024: Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 264.11. The next area of resistance is around 269.78 and 271.44, while 1st support hits today at 266.12 and below there at 264.11.

NATURAL GAS (MAY) 03/28/2024: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The next downside target is 1.645. The next area of resistance is around 1.755 and 1.814, while 1st support hits today at 1.671 and below there at 1.645.

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
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ENERGY COMPLEX

CLAK24	81.71	62.05	61.20	77.01	77.37	81.48	81.52	79.91	77.76	76.50
CLAM24	81.11	59.33	59.74	78.42	77.12	80.84	80.96	79.37	77.33	76.15
HOAK24	260.51	41.57	45.60	52.15	39.88	2.63	2.67	2.64	2.64	2.60
HOAM24	260.04	44.82	48.29	58.96	48.83	2.62	2.65	2.62	2.60	2.57
RBAK24	267.95	52.29	56.10	82.91	77.28	2.70	2.72	2.65	2.57	2.52
RBAM24	265.04	53.90	57.10	82.93	77.98	2.67	2.68	2.61	2.54	2.49
NGAK24	1.713	30.61	35.11	15.06	10.74	1.78	1.81	1.87	1.97	2.10
NGAM24	1.951	29.84	35.13	11.83	8.35	2.00	2.04	2.11	2.18	2.29

Calculations based on previous session. Data collected 03/27/2024

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	80.23	81.11	81.42	82.30	82.61
CLAM24	Crude Oil	79.70	80.54	80.83	81.67	81.96
HOAK24	Heating Oil	256.84	258.87	260.11	262.14	263.38
HOAM24	Heating Oil	256.39	258.46	259.54	261.61	262.69
RBAK24	RBOB Gas	264.10	266.11	267.77	269.78	271.44
RBAM24	RBOB Gas	261.60	263.44	264.80	266.64	268.00
NGAK24	Natural Gas	1.644	1.670	1.729	1.755	1.814
NGAM24	Natural Gas	1.893	1.915	1.964	1.986	2.035

Calculations based on previous session. Data collected 03/27/2024

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