



## DAILY ENERGY COMPLEX COMMENTARY

Monday April 01, 2024

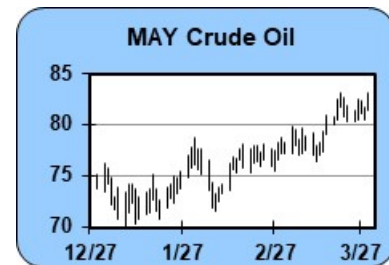
### DAILY ENERGY COMPLEX COMMENTARY

4/1/2024

#### Bullish crude oil held back by bearish products

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**CRUDE -15, HEATING OIL -234, UNLEADED GAS -120**

**CRUDE OIL MARKET FUNDAMENTALS:** With a new high for the move and the highest trade since mid-October the bull camp in crude oil starts the week with the edge. The bull camp is cheered by a favorable Chinese manufacturing PMI reading overnight, a 19% week over week drop in global floating crude supply, and by chatter that Saudi Arabia will raise prices to Asian customers because of solid demand signals! However, Bloomberg this morning has coverage indicating that US suppliers are beginning to gain market share from OPEC plus members which from a longer-term perspective erodes the power of Middle East producers. In a slight WTI positive, India has apparently halted crude purchases from Venezuela because the upcoming expiration of a waiver of US sanctions. Another lift for crude prices is the realization that US refiners are taking in significant crude supplies (7.2 million barrels in January) from, Venezuela clearly indicating refiners in the US are ramping up their activity in anticipation of stronger seasonal and macroeconomic demand. While US production remains strong and periodically posts record output, US crude oil output in January declined by 6% from severe cold thereby reducing the buildup of domestic crude oil supply in the typical refinery maintenance period. Another supportive overnight development came from the Russian oil minister who indicated his country will cut output this quarter to catch up with other OPEC plus output restraint compliance. While the most recent COT positioning report is understated given a two dollar per barrel rally after the report was measured the market in general retains significant buying fuel. Crude Oil positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders net sold 2,526 contracts and are now net long 217,439 contracts. Non-Commercial & non-reportable traders net long 329,957 contracts after net buying 6,272 contracts. Uptrend channel support in May crude oil today is \$81.24, with near-term targeting above \$84.00.



**PRODUCT MARKET FUNDAMENTALS:** Clearly, the gasoline market is in less favor than crude oil in the early action today and we suspect that is largely the result of the massive jump in the US refinery operating rate over the past two months, which is likely to result in a near-term buildup in gasoline inventories. In fact, US refiners showed significant appetite for Venezuelan oil which confirms the sharp jump in US refinery activity. Unfortunately for the bull camp, the net spec and fund long position in gasoline is severely overbought especially with the high this morning showing prices four cents above the level where the COT report was measured. In our opinion the net spec and fund long adjusted to the high this morning is likely the longest positioning since January 2021. The March 26th Commitments of Traders report showed Gas (RBOB) Managed Money traders are net long 79,049 contracts after net buying 2,508 contracts. Non-Commercial & non-reportable traders net long 88,181 contracts after increasing their already long position by 6,153 contracts. Downtrend channel resistance in May gasoline this morning is \$2.7285 with a failure seen with a trade below \$2.6940. With the Russian oil minister indicating there was no need for a Russian diesel export ban, another bullish force has been removed from the diesel trade. Fortunately for the bull camp, the net spec and fund long position in diesel has been plunging which in turn could mitigate upcoming downside price action. The Commitments of Traders report for the week ending March 26th showed Heating Oil Managed Money traders are net long 3,444 contracts after net selling 7,523 contracts. Non-Commercial & non-reportable traders reduced their net long position by 4,847 contracts to a net long 27,946 contracts. Downtrend channel resistance in May diesel this morning is \$2.6355 with a key pivot point at \$2.5809.

**NATURAL GAS:** With natural gas managing to consolidate and then bounce from the latest contract low at the end of last week, the short-term oversold condition is partially leveled which could allow for renewed selling and further contract lows this week. In a longer-term/big picture negative the Russian national gas company has resumed gas pipeline shipments to China and Russian gas shipments to Europe remain steady. From this point forward reports of below normal US temperatures will have very little supportive capacity for gas prices as we expect weekly inventory reports will return to an entrenched pattern of injections. However, the latest EIA natural gas in storage report posted another "draw" which has potentially helped gas build suspect consolidation support around \$1.704. The weekly natural gas storage report showed a draw of 36 bcf. Total storage stands at 2,296 bcf or 41.1% above the 5 year average. Over the last four weeks natural gas storage has declined 78 bcf. Natural Gas positioning in the Commitments of Traders for the week ending March 26th showed Managed Money traders were net short 85,436 contracts after decreasing their short position by 2,002 contracts. Non-Commercial & Non-Reportable traders were net short 92,665 contracts after increasing their already short position by 19,932 contracts.

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

We see divergence in the petroleum complex with crude oil tracking higher and the product markets tracking lower. However, the bull camp in crude oil needs a risk on environment to countervail strength in the dollar and fears of a product supply buildup from accelerating US refinery activity.

#### **NEW RECOMMENDATIONS:**

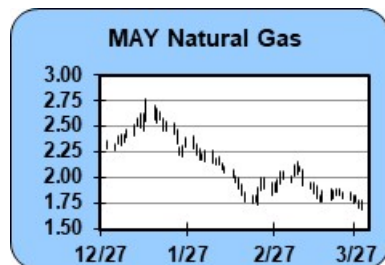
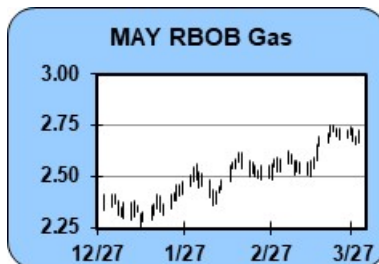
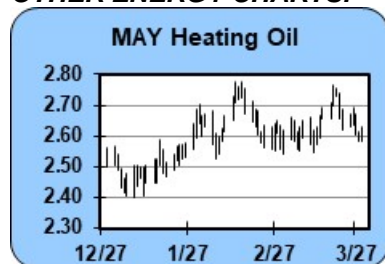
None.

#### **PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 3/19/2024 - 3/26/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
<b>Energies</b>						
Crude Oil	288,654	-2,377	-329,957	-6,273	41,303	+8,649
Heating Oil	10,451	-2,308	-27,947	+4,845	17,495	-2,539
Natural Gas	-118,480	-12,850	92,665	+19,932	25,815	-7,082
Gas (RBOB)	75,768	+5,649	-88,181	-6,152	12,413	+504

#### **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) 04/01/2024: A bullish signal was given with an upside crossover of the daily stochastics. 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. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next upside target is 84.39. The next area of resistance is around 83.88 and 84.39, while 1st support hits today at 82.20 and below there at 81.02.

HEATING OIL (MAY) 04/01/2024: The cross over and close above the 60-day moving average indicates the longer-term trend has turned up. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 256.62. The next area of resistance is around 263.97 and 265.82, while 1st support hits today at 259.37 and below there at 256.62.

RBOB GAS (MAY) 04/01/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The next downside target is 264.93. The next area of resistance is around 274.77 and 276.62, while 1st support hits today at 268.93 and below there at 264.93.

NATURAL GAS (MAY) 04/01/2024: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside daily closing price reversal gives the market a bullish tilt. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 1.644. The next area of resistance is around 1.801 and 1.843, while 1st support hits today at 1.701 and below there at 1.644.

## 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	83.04	68.04	65.06	78.60	83.00	81.99	81.76	80.16	77.93	76.69
CLAM24	82.27	67.93	65.08	80.24	83.88	81.37	81.19	79.63	77.50	76.34
HOAK24	261.67	44.59	47.33	47.10	37.01	2.62	2.66	2.64	2.64	2.61
HOAM24	261.39	49.44	50.99	55.39	48.25	2.62	2.65	2.62	2.60	2.57
RBAK24	271.85	61.77	61.43	82.05	80.32	2.70	2.72	2.65	2.58	2.52
RBAM24	268.53	62.95	62.21	82.39	81.31	2.67	2.68	2.62	2.55	2.50
NGAK24	1.751	37.15	38.70	15.12	14.91	1.76	1.80	1.86	1.95	2.09
NGAM24	1.994	38.01	39.54	12.32	13.15	1.99	2.04	2.10	2.17	2.28

Calculations based on previous session. Data collected 03/28/2024

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	81.01	82.19	82.70	83.88	84.39
CLAM24	Crude Oil	80.42	81.49	81.97	83.04	83.52
HOAK24	Heating Oil	256.62	259.37	261.22	263.97	265.82
HOAM24	Heating Oil	256.67	259.25	260.95	263.52	265.23

RBAK24	RBOB Gas	264.92	268.92	270.77	274.77	276.62
RBAM24	RBOB Gas	262.36	265.93	267.55	271.12	272.74
NGAK24	Natural Gas	1.643	1.701	1.743	1.801	1.843
NGAM24	Natural Gas	1.894	1.949	1.983	2.038	2.072

**Calculations based on previous session. Data collected 03/28/2024**

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