



## DAILY ENERGY COMPLEX COMMENTARY Friday April 12, 2024

### DAILY ENERGY COMPLEX COMMENTARY 4/12/2024

#### Fear of an Iranian attack of Israel to support today

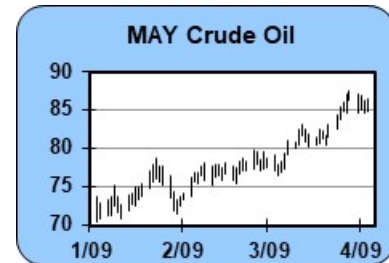
**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):  
CRUDE +100, HEATING OIL +363, UNLEADED GAS +348**

**CRUDE OIL MARKET FUNDAMENTALS:** While the upside explosion in gold and the dollar this week might be the result of issues other than a looming attack of Israeli interests by Iran or a surrogate of Iran, that issue remains front and center in the energy markets. In fact, the US continues to warn of an imminent attack and traders are not taking a chance that prices could explode higher on Monday's opening.

Surprisingly, crude oil prices are also sharply higher despite news that Chinese March crude oil imports dropped 6% perhaps because quarterly imports were minimally higher. On the other hand, crude oil prices today should see lift from trade chatter that US refinery capacity is expanding the daily call on physical US crude oil. It should also be noted that international crude grades are rising in sync which tempers ideas that speculation in US futures contracts is driving prices higher. Strength in the market is also surprising after the International Energy Agency reduced energy demand in "wealthy countries". Furthermore, a surging US dollar should offer WTI prices headwinds ahead as buyers could seek cheaper currency adjusted supply. Even though press reports this morning suggest the crude oil market is poised to post a lower weekly trade, traders should not rule out a massive surge in buy orders today as traders pre-position for a potential attack against Israel or Israel assets abroad. In our opinion, Iran will hide behind terrorist groups in the coming attack. However, the bear camp should also be emboldened by a deterioration in Chinese energy demand expectations this week and because EIA crude oil inventories have expanded by nearly 16 million barrels over the last three weeks. Furthermore, as we indicated yesterday, the current year over year deficit in EIA crude oil inventories has been reduced by 66% from the middle of last month. Close in consolidation support in June crude is \$83.96 with secondary support seen down at \$83.46 but to shift the tide back in favor of the bull camp today might require a trade above \$86.02.

**PRODUCT MARKET FUNDAMENTALS:** Fortunately for the bull camp, weekly ARA gasoline inventories and naphtha inventories declined, as jet fuel, fuel oil, and gas oil inventories rose, and the gasoline market remains significantly overbought in the noncommercial and nonreportable categories. Another negative for the gasoline trade is the first decline in Chinese road traffic since February and news that the large decline in European gasoline stocks this week was the result of large shipments of gasoline flowing to the US as that means US supply might build in the coming weeks. From a classic chart perspective, despite a loss of upside momentum earlier this week, a new high for the week in gasoline early today extends bullish control which could result in a challenge of the April high just under \$2.80. On the other hand, key support in June gasoline is this morning's low at \$2.7578. The diesel market remains the weakest component of the petroleum complex with both fundamentals and charts pointing to downside work ahead. However, if gasoline and crude oil extend early gains into the close, diesel prices stand a much better chance of respecting key support at \$2.6542.

**NATURAL GAS:** Despite a significant jump in Asian LNG prices overnight from concerns of a dramatic expansion in the Middle East fighting, US gas prices posted a four-day low early today. Furthermore, US gas prices have also consistently discounted escalating threats to Ukrainian supply flow from Russian attacks. Therefore, we suspect European gas storage buying will remain above normal seasonal levels because of the Ukraine war. In fact, it should be noted that gas in EU storage is reportedly at 61% of capacity versus a five year average of 43%.



In the end, with the big range down failure yesterday, we see natural gas returning to fair value on the charts around contract lows. In fact, with the EIA storage injection this week at the upper end of the range of estimates, fresh chart damage and much above normal temperatures in the US this weekend, we see a recent double low of \$1.972 failing to hold. The weekly natural gas storage report showed an injection of 24 bcf. Total storage stands at 2,283 bcf or 38.4% above the 5 year average. Over the last four weeks, natural gas storage has declined 42 bcf.

### 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
4/5/2024	24	2283	435	-42	38.4%	

#### TODAY'S MARKET IDEAS:

While there was a corrective bias in the market following disappointment from the US rate cut front earlier this week, disappointing oil import figures from China and from a surging US dollar, Middle East supply threats continue to drive the bus. In other words, demand concerns look to take a backseat if Iran retaliates directly against Israel. In fact, even if Iran or Iranian surrogates fail to act during today's trade, speculators are likely to factor in a weekend attack.

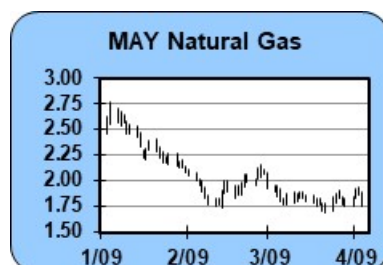
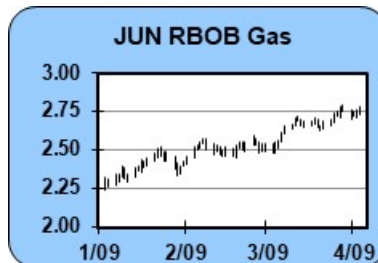
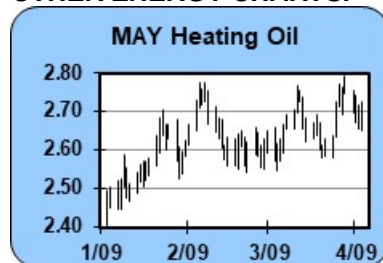
#### NEW RECOMMENDATIONS:

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) 04/12/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 83.87. The next area of resistance is around 86.46 and 87.44, while 1st support hits today at 84.68 and below there at 83.87.

HEATING OIL (MAY) 04/12/2024: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market could take on a defensive posture with the daily closing price reversal down. The close below the 1st swing support could weigh on the market. The next downside target is 260.79. The next area of resistance is around 270.62 and 275.11, while 1st support hits today at 263.46 and below there at 260.79.

RBOB GAS (MAY) 04/12/2024: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. 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 downside target is 272.54. The next area of resistance is around 281.32 and 283.81, while 1st support hits today at 275.68 and below there at 272.54.

NATURAL GAS (MAY) 04/12/2024: The close below the 40-day moving average is an indication the longer-term trend has turned down. A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The intermediate trend has turned down with the cross over back below the 18-day moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is now at 1.659. The next area of resistance is around 1.839 and 1.934, while 1st support hits today at 1.701 and below there at 1.659.

## 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	85.57	62.12	63.61	81.97	77.75	85.86	85.69	83.73	80.04	78.68
CLAM24	84.97	63.73	64.73	81.59	77.58	85.10	84.88	83.05	79.49	78.22
HOAK24	267.04	47.33	49.76	60.89	55.51	2.70	2.71	2.69	2.66	2.64
HOAM24	267.37	49.76	52.16	64.80	59.09	2.69	2.70	2.68	2.63	2.61
RBAK24	278.50	64.78	63.73	75.83	75.36	2.77	2.76	2.74	2.64	2.59
RBAM24	275.85	66.68	65.26	76.89	75.70	2.74	2.74	2.71	2.60	2.56
NGAK24	1.770	41.65	42.73	56.88	55.78	1.84	1.83	1.82	1.88	1.98
NGAM24	2.006	42.20	43.02	50.33	51.71	2.05	2.05	2.04	2.10	2.18

Calculations based on previous session. Data collected 04/11/2024

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	83.86	84.67	85.65	86.46	87.44
CLAM24	Crude Oil	83.38	84.15	85.02	85.79	86.66
HOAK24	Heating Oil	260.78	263.45	267.95	270.62	275.11
HOAM24	Heating Oil	261.32	264.02	268.02	270.72	274.72
RBAK24	RBOB Gas	272.53	275.68	278.17	281.32	283.81
RBAM24	RBOB Gas	270.42	273.25	275.62	278.45	280.82
NGAK24	Natural Gas	1.658	1.700	1.796	1.839	1.934
NGAM24	Natural Gas	1.937	1.964	2.019	2.046	2.101

Calculations based on previous session. Data collected 04/11/2024

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