



DAILY ENERGY COMPLEX COMMENTARY Monday April 15, 2024

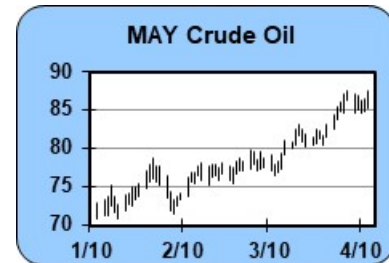
DAILY ENERGY COMPLEX COMMENTARY 4/15/2024

Fear of an Israeli retaliation the latest focus

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE -74, HEATING OIL -187, UNLEADED GAS -181**

CRUDE OIL MARKET FUNDAMENTALS: Given the markets lack of significant upside extension following the weekend Iranian drone attack of Israel is disappointing to the bull camp. Like several other physical commodity markets, the crude oil market ranged sharply higher early Friday and promptly fell back \$2.00 from the early high in a fashion suggesting the markets may have over factored Iranian retaliation.

However, with Iran launching direct drone attacks on Israel, one could consider the war has expanded as feared. On the other hand, the Iranians seem to suggest their retaliation was justified by the attack of their personnel in Syria and seemed to indicate the matter should now be settled as they have avenged the deaths of Iranian military officers in Syria. Unfortunately, Israel is unlikely to allow the direct attacks go unpunished. While Chinese January through March crude oil imports gained 0.7%, the trade was probably expecting larger imports into China. A fresh limiting development from overnight is an 11% increase in crude oil in global floating storage with that report presenting another massive buildup in US Gulf Coast crude oil supplies (+242%). Unfortunately for the bull camp, US oil inventories appear to be in a building cycle with three straight weeks of inflow to EIA crude oil inventories totaling 12 million barrels and given a narrowing the annual inventory deficit from 36 million barrels on March 15th to only 13 million barrels as of April 5th. With June crude oil from the last COT report into the high Friday gaining \$2.70 we suspect the net spec and fund long is now at the highest level since May 2022. The April 9th Commitments of Traders report showed Crude Oil Managed Money traders are net long 238,150 contracts after net buying 8,666 contracts. Non-Commercial & non-reportable traders net bought 7,420 contracts and are now net long 353,575 contracts. Without a big picture macroeconomic meltdown led by equities, the threat against Middle East oil supply should provide support for crude oil at \$83.90.



PRODUCT MARKET FUNDAMENTALS: At times last week, the gasoline market was the strongest petroleum market but with the significant range up reversal last Friday (July gasoline closed more than four cents below its high) combined with an inflated net spec and fund long positioning that leaves the RBOB market vulnerable to start the new trading week. In fact, with a rally after the COT report was measured, the RBOB market is nearing the longest net spec level seen since the beginning of the pandemic. Uptrend channel support in July gasoline today is \$2.6995. The April 9th Commitments of Traders report showed Gas (RBOB) Managed Money traders were net long 84,926 contracts after increasing their already long position by 1,294 contracts. Non-Commercial & non-reportable traders are net long 95,958 contracts after net selling 566 contracts. As the gasoline market has shown signs of being the leadership market on rallies, the diesel market has shown its capacity to lead on the downside. Clearly supply fundamentals have turned against the bull camp but fortunately the net spec and fund long in diesel is not dramatically overdone. Heating Oil positioning in the Commitments of Traders for the week ending April 9th showed Managed Money traders added 2,662 contracts to their already long position and are now net long 8,533. Non-Commercial & non-reportable traders reduced their net long position by 2,293 contracts to a net long 31,786 contracts. Uptrend channel support in July diesel is \$2.6710.

NATURAL GAS: With the June natural gas contract posting a nine-day low on Friday, the market could be poised to retest contract lows at \$1.928. In retrospect, the weekly injection report showed a reading near the upper end

of the injections estimates which could be seen as the end of the withdrawal season and the beginning of the injection season. While not a major decline, inventories relative to five-year average levels declined minimally but overall remained a very negative influence with supplies still 38.4% above 5-year average levels. However, with the market sliding after the release of the COT positioning report (down nine cents into Friday's low) the net spec and fund short is building the largest of the last four weeks range! The April 9th Commitments of Traders report showed Natural Gas Managed Money traders were net short 88,386 contracts after increasing their already short position by 5,204 contracts. Non-Commercial & non-reportable traders net sold 10,732 contracts and are now net short 107,064 contracts. Initial support today is seen at \$1.9730 with downtrend channel selling resistance today located at \$2.075.

TODAY'S MARKET IDEAS:

In general, the petroleum markets are significantly overbought and have seen bearish classic supply and demand news creep in from weekly EIA and API reports. However, there is no accounting for the potential supply loss if Israel and Iran engage in a direct confrontation as that could disrupt what has become very critical Iranian oil exports and it could also discourage and delay oil transport in the region. Critical support in June crude oil today is seen at \$83.86 and a trade back above \$85.65 could shift the bull camp back in control.

NEW RECOMMENDATIONS:

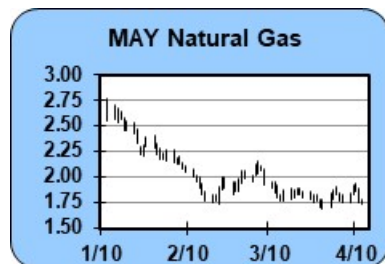
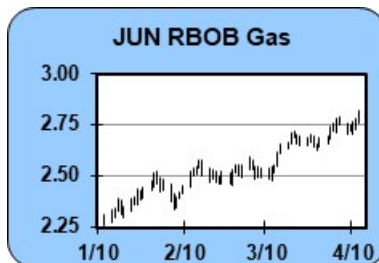
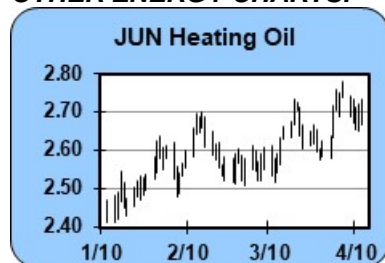
None.

PREVIOUS RECOMMENDATIONS:

None.

Commitment of Traders - Futures and Options - 4/2/2024 - 4/9/2024						
	Non-Commercial			Commercial		Non-Reportable
	Net Position	Weekly Net Change	Net Position	Weekly Net Change	Net Position	Weekly Net Change
Energies						
Crude Oil	309,195	-3,131	-353,575	-7,420	44,380	+10,551
Heating Oil	9,652	-2,156	-31,786	+2,293	22,134	-137
Natural Gas	-132,428	-12,640	107,064	+10,732	25,364	+1,908
Gas (RBOB)	83,401	-365	-95,958	+567	12,557	-201

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) 04/15/2024: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. 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 83.56. The next area of resistance is around 86.72 and 88.41, while 1st support hits today at 84.30 and below there at 83.56.

HEATING OIL (MAY) 04/15/2024: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 262.35. The next area of resistance is around 271.68 and 275.84, while 1st support hits today at 264.94 and below there at 262.35.

RBOB GAS (MAY) 04/15/2024: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 273.96. The next area of resistance is around 283.11 and 287.53, while 1st support hits today at 276.33 and below there at 273.96.

NATURAL GAS (MAY) 04/15/2024: Declining momentum studies in the neutral zone will 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 upside closing price reversal on the daily chart is somewhat bullish. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 1.714. The next area of resistance is around 1.805 and 1.822, while 1st support hits today at 1.751 and below there at 1.714.

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	85.51	60.54	62.37	78.56	73.40	85.49	85.83	83.89	80.29	78.89
CLAM24	84.94	62.08	63.48	78.39	73.66	84.82	85.06	83.20	79.72	78.42
HOAK24	268.31	50.21	51.41	57.67	52.33	2.68	2.71	2.68	2.66	2.65
HOAM24	268.27	51.63	53.14	61.28	55.47	2.68	2.71	2.67	2.63	2.61
RBAK24	279.72	66.16	64.56	74.28	72.68	2.78	2.77	2.74	2.64	2.60
RBAM24	277.04	67.67	65.89	75.22	73.23	2.75	2.75	2.71	2.61	2.57
NGAK24	1.778	41.99	42.90	53.51	47.31	1.82	1.82	1.81	1.87	1.97
NGAM24	2.040	46.40	45.47	50.03	50.04	2.04	2.04	2.04	2.10	2.17

Calculations based on previous session. Data collected 04/12/2024

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	83.55	84.29	85.98	86.72	88.41
CLAM24	Crude Oil	83.08	83.79	85.38	86.08	87.68
HOAK24	Heating Oil	262.34	264.93	269.09	271.68	275.84
HOAM24	Heating Oil	262.67	265.01	269.17	271.51	275.67
RBAK24	RBOB Gas	273.95	276.32	280.74	283.11	287.53
RBAM24	RBOB Gas	271.45	273.73	278.06	280.34	284.67
NGAK24	Natural Gas	1.714	1.751	1.768	1.805	1.822
NGAM24	Natural Gas	1.955	2.006	2.023	2.074	2.091

Calculations based on previous session. Data collected 04/12/2024

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