



## DAILY ENERGY COMPLEX COMMENTARY

Monday April 22, 2024

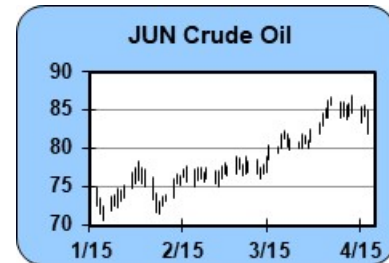
### DAILY ENERGY COMPLEX COMMENTARY

4/22/2024

**After Israeli retaliation & no Iranian reaction ranges to narrow**

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**CRUDE -44, HEATING OIL -2, UNLEADED GAS -136**

**CRUDE OIL MARKET FUNDAMENTALS:** With Friday's major range up move, and very poor close, combined with a downside breakout and a new low for the month of April this morning, the bear camp has confirmed it controls the crude oil market to start the new trading week. Apparently, the Israeli retaliation was seemingly absorbed by Iran and with Israel seemingly temporarily satiated with their attacks, fear of a disruption of Middle East supply looks to abate temporarily. In fact, with Friday's sharp range up and definitive reversal that could usher in a temporary extension of downside volatility. However, the markets should not rule out a Middle East reaction to the US passage of a \$95 billion of an aid package to Ukraine and Israel as that could prompt a backlash from those supporting the Palestinians. Looking to the internal fundamental setup in oil this week, the markets carry over residual energy demand concerns and longer-term bearishness from an increase in the US rig operating count. In a slightly positive overnight development, a report that global crude oil in floating storage fell by 18% on the week (a private survey by Vortexa) could rekindle talk that global oil markets will remain in deficit. Fortunately for the bull camp, the net spec and fund long in crude oil was relatively modest prior to the markets slide from the report of \$3.76 per barrel and that could bring the speculative long down and reduce the prospect of waves of stop loss selling. The April 16th Commitments of Traders report showed Crude Oil Managed Money traders reduced their net long position by 34,253 contracts to a net long 203,897 contracts. Non-Commercial & non-reportable traders net sold 7,251 contracts and are now net long 346,324 contracts. It should be noted that stochastics and RSI offered sell signals last week indicating a test of sub \$80.00 pricing is likely. The trade should see an increase in seasonal demand but will need to see evidence of a Chinese recovery and or fresh fighting in the Middle East to throw off the current liquidation bias. While we see the June crude oil targeting \$80.00, we suspect prices will test consolidation lows at \$79.91 and perhaps \$79.51.



**PRODUCT MARKET FUNDAMENTALS:** Even though weekly injections to EIA gasoline inventories have not been notable over the prior two weeks reports of heavy European gasoline imports to the US, rising seasonal US refinery activity and a lack of early seasonal demand improvement could present clearly negative US supply news this week. However, implied gasoline demand should begin rising and should be 1 million barrels per day more than current levels into the normal seasonal high in late June. Unfortunately for the bull camp, the net spec and fund long in gasoline is at the highest level since January 2021 leaving gasoline vulnerable to the heaviest stop loss selling of the petroleum complex. However, since the last positioning report gasoline prices have retrenched \$0.19, thereby likely bringing down the net spec and fund long. The Commitments of Traders report for the week ending April 16th showed Gas (RBOB) Managed Money traders reduced their net long position by 5,401 contracts to a net long 79,525 contracts. Non-Commercial & non-reportable traders were net long 91,256 contracts after decreasing their long position by 4,702 contracts. While the June gasoline contract initially failed at \$2.6530 support today, the failure to hold that level later today targets \$2.6297. While the gasoline market was the most overbought petroleum market from a net spec and fund perspective, the diesel market was the least overbought and therefore could see smaller declines ahead. In fact, with the diesel market into the Friday low, \$0.13 below the level where the COT report was measured, the net spec and fund long is at the smallest level since April of last year. The April 16th Commitments of Traders report showed Heating Oil Managed Money traders net sold 5,315 contracts and are now net long 3,218 contracts. Non-Commercial & non-reportable traders net-long 25,243 contracts after decreasing their long position by 6,543 contracts. Pivot point support in the June diesel contract

was violated early today, projecting prices down to \$2.49.

**NATURAL GAS:** We see the natural gas market in a sideways to lower track with US supplies likely to build and demand likely to remain extremely low. In retrospect, America has clearly entered the injection season and without a series of small injections and consistent near-capacity exports, we see little chance of a reversal to the upside. In fact, the net spec and fund short in natural gas remains moderate, leaving the market capable of ongoing short selling. The April 16th Commitments of Traders report showed Natural Gas Managed Money traders net sold 26,003 contracts and are now net short 114,389 contracts. Non-Commercial & non-reportable traders net sold 2,161 contracts and are now net short 109,225 contracts. In a minimally supportive development, the Russian national gas company Gazprom has reportedly shutdown "dozens" of gas wells due to regional flooding. First support is \$1.931 with primary support down at \$1.903.

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

Without a sudden rekindling of tensions in the Middle East, the path of least resistance in petroleum markets looks to remain down. In fact, we see further stop loss selling given the aggressive rallies seen at the beginning of April. While we see the June crude oil targeting \$80.00, we suspect prices will temporarily test consolidation lows at \$79.91, and perhaps at \$79.51. Fortunately for the bull camp, the net spec and fund long in crude oil was modest prior to the markets slide from the report of \$3.96 per barrel and that should bring the speculative long positioning down and reduce the prospect of waves of stop loss selling.

#### **NEW RECOMMENDATIONS:**

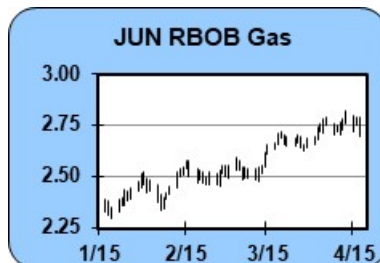
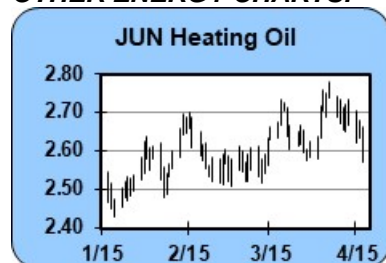
None.

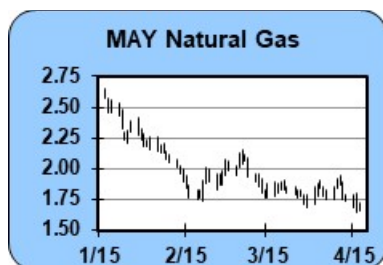
#### **PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 4/9/2024 - 4/16/2024						
	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	303,916	-5,279	-346,325	+7,250	42,408	-1,972
Heating Oil	4,122	-5,530	-25,243	+6,543	21,121	-1,013
Natural Gas	-136,389	-3,961	109,226	+2,162	27,164	+1,800
Gas (RBOB)	77,606	-5,795	-91,257	+4,701	13,650	+1,093

#### **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 (JUN) 04/22/2024:** Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is now at 78.26. The next area of resistance is around 84.39 and 87.27, while 1st support hits today at 79.89 and below there at 78.26.

**HEATING OIL (JUN) 04/22/2024:** Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The upside closing price reversal on the daily chart is somewhat bullish. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 243.95. The next area of resistance is around 261.91 and 270.22, while 1st support hits today at 248.78 and below there at 243.95.

**RBOB GAS (JUN) 04/22/2024:** Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 259.00. The next area of resistance is around 273.42 and 279.72, while 1st support hits today at 263.06 and below there at 259.00.

**NATURAL GAS (JUN) 04/22/2024:** 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 upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 1.915. The next area of resistance is around 2.034 and 2.070, while 1st support hits today at 1.956 and below there at 1.915.

## 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>										
CLAM24	82.14	40.15	48.38	52.39	36.06	82.81	83.95	83.82	80.50	79.20
CLAN24	81.46	39.75	48.23	52.79	35.75	82.20	83.28	83.09	79.86	78.65
HOAM24	255.35	33.06	39.52	31.73	18.04	2.58	2.64	2.66	2.62	2.62
HOAN24	256.07	33.67	40.29	34.29	19.69	2.59	2.64	2.66	2.61	2.60
RBAM24	268.24	42.16	48.95	54.49	38.03	2.71	2.74	2.72	2.63	2.59
RBAN24	263.91	41.53	48.72	53.86	37.09	2.67	2.69	2.68	2.59	2.55
NGAM24	1.995	45.93	44.95	36.10	34.68	1.98	2.00	2.02	2.09	2.13
NGAN24	2.322	46.56	46.11	33.42	32.65	2.31	2.33	2.34	2.38	2.39

Calculations based on previous session. Data collected 04/19/2024

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>						
CLAM24	Crude Oil	78.25	79.88	82.76	84.39	87.27
CLAN24	Crude Oil	77.81	79.32	82.09	83.60	86.37
HOAM24	Heating Oil	243.95	248.78	257.08	261.91	270.22
HOAN24	Heating Oil	244.90	249.61	257.81	262.52	270.72
RBAM24	RBOB Gas	259.00	263.06	269.36	273.42	279.72
RBAN24	RBOB Gas	254.95	258.90	264.97	268.92	274.98
NGAM24	Natural Gas	1.914	1.956	1.992	2.034	2.070
NGAN24	Natural Gas	2.252	2.288	2.319	2.355	2.386

Calculations based on previous session. Data collected 04/19/2024

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