



DAILY ENERGY COMPLEX COMMENTARY

Wednesday May 01, 2024

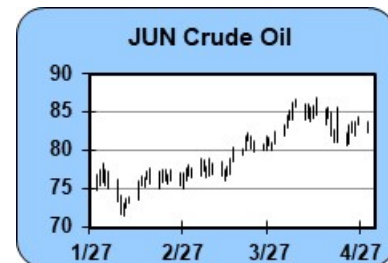
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5/1/2024

A lack of buying in the face of Israeli attack promises is bearish

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE -92, HEATING OIL -152, UNLEADED GAS -335

CRUDE OIL MARKET FUNDAMENTALS: We are very surprised with the lack of a rally following statements from the Israeli prime minister that he would go ahead with a "widely publicized" invasion of the southern Gaza city of Rafah regardless of the response from Hamas on the cease-fire proposal. Furthermore, prices are lower today despite a decline in April OPEC oil output (Iran and Iraq) and despite a 7.2% decline in European crude oil storage over last week. However, the API report overnight was very bearish to crude oil with a much larger than expected inflow to EIA crude oil stocks of 4.9 million barrels. Another shorter-term bearish indication is softening Brent crude spreads and increased trade interest in put options. In addition to end of month long liquidation profit taking yesterday, energy prices are likely to remain under pressure from reports that some West African supply for May delivery remains unsold and from reports that US storage tanks of distillate on the East coast are nearly full leaving traders scrambling for a home for purchased supply. Furthermore, hedge funds continue to move to the sidelines perhaps because of the efforts to work out a cease-fire. On the other hand, the bull camp remains hopeful that US crude oil supplies will continue to decline from ongoing strong US exports. However, with the dollar strengthening and breaking to the upside overnight, price support from hope of strong ongoing US exports should moderate. Fortunately for the bull camp, the EIA yesterday said US crude oil exports in February increased to 4.66 million barrels per day from 4.04 million barrels per day in January. Countervailing the strong export pattern is a month over month increase in total US crude oil production of 578,000 barrels per day from January to February which was the largest output gain since February 2021. Furthermore, North Dakota crude oil output jumped by the most since at least 2005, while Texas crude oil output posted the largest monthly gain since March 2022. In conclusion, without a full breakdown in cease-fire talks, or further sharp declines in EIA crude oil inventories, the bear camp should maintain control. This week's Reuters poll projects EIA crude stocks to fall by 800,000 barrels. After the close, however, the API survey said that US crude oil stocks had a weekly increase of 4.91 million barrels which is in sharp contrast to trade forecasts for a mild weekly decline. A key pivot point/failure price in June crude oil today is \$79.91, with another key pivot point seen down at \$79.50. Fortunately for the bull camp, the latest net spec and fund long position in crude oil was modest and that could reduce stop loss selling ahead.



PRODUCT MARKET FUNDAMENTALS: Obviously, the technical and fundamental path of least resistance remains down in gasoline with a fresh lower low in crude oil and a lack of bullish market reaction to Israeli comments they will go ahead with a planned attack of southern Gaza "regardless" of the cease-fire negotiation response from Hamas. Fortunately for the bull camp gasoline inventories at the API fell by 1.48 million barrels and April Indian gasoline sales increased by 5.3% over March and have increased by 12.3% versus year ago levels. While the gasoline market is becoming oversold given the \$0.12 slide from this week's high, seasonal demand is expected to rise, API inventories declined by 1.48 million barrels and reduced China retail gasoline prices (potentially improving demand ahead), the charts remain bearish with near-term downside targeting pegged at \$2.6240 and then again down at \$2.612. In a very bearish anecdotal development traders are apparently having difficulty finding storage for distillate supplies on the East Coast of the US, which likely means diesel prices will remain the weakest of the petroleum markets. This week's Reuters poll projects EIA gasoline inventories to decline by 1 million barrels and distillate stocks to decline by 500,000 barrels. The API survey said that US gasoline stocks had a weekly decline of 1.48 million barrels which was larger than market expectations, while US

distillate stocks had a weekly decline of 2.19 million barrels which was also a much larger decline than trade forecasts. As indicated several times over the last month, the gasoline market is the most overbought in spec and fund categories and therefore it could rival diesel in near-term downside action.

Weekly EIA Petroleum Estimates - Week Ending 4/26/2024 - In Million Barrels				
	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	-0.6	-1	453.6	-6.4
Distillates	-0.3	-0.7	116.6	1.6
Gasoline	-0.8	-1.2	226.7	-0.6

NATURAL GAS: Despite indications that investment funds are beginning to position for an increase in European gas prices this summer, the path of least resistance is down from greater than expected Dutch and British wind power generation and from increased Norwegian LNG exports. In fact, even with projections for US cooling degree days to run 15 degree days above normal, an avalanche of supply remains in the US, and therefore we expect further declines in the weeks ahead. Overnight the market was also hit with higher US gas production readings. On the other hand, expectations suggest European natural gas prices have strengthened recently given expectations of a slowdown of European injections into storage as temperatures rise seasonally. Near-term downside targeting in June natural gas is \$1.916 but a new contract low is likely.

TODAY'S MARKET IDEAS:

The bear camp retains control with Chinese energy demand questioned by soft Chinese data, a rising dollar potentially reducing US oil exports and a lack of a bullish price response to Israeli comments suggesting they will go ahead with an attack of southern Gaza "regardless" of the Hamas response to the cease-fire offer.

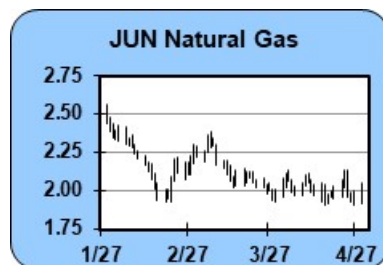
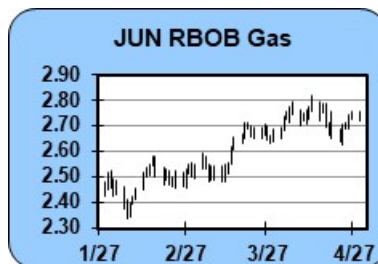
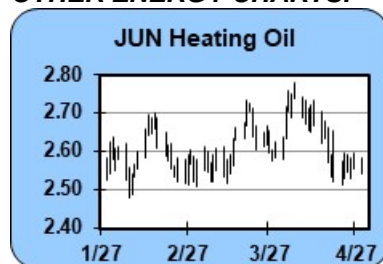
NEW RECOMMENDATIONS:

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 (JUN) 05/01/2024: The major trend has turned down with the cross over back below the 40-day moving average. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 1st swing support could weigh on the market. The next downside target is 79.52. The next area of resistance is around 82.77 and 84.21, while 1st support hits today at 80.43 and below there at 79.52.

HEATING OIL (JUN) 05/01/2024: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 244.38. The next area of resistance is around 256.08 and 260.69, while 1st support hits today at 247.92 and below there at 244.38.

RBOB GAS (JUN) 05/01/2024: The daily stochastics have crossed over down which is a bearish indication. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. 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 objective is 261.34. The next area of resistance is around 272.02 and 276.97, while 1st support hits today at 264.20 and below there at 261.34.

NATURAL GAS (JUN) 05/01/2024: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 1.865. The next area of resistance is around 2.040 and 2.133, while 1st support hits today at 1.906 and below there at 1.865.

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										
CLAM24	81.60	38.83	45.07	36.41	30.36	82.91	82.67	83.72	81.46	80.06
CLAN24	80.95	38.72	45.00	36.02	30.19	82.22	81.98	83.01	80.79	79.45
HOAM24	252.00	31.06	37.51	19.95	17.83	2.55	2.56	2.62	2.62	2.62
HOAN24	253.09	30.93	37.63	21.07	17.91	2.56	2.56	2.62	2.61	2.61
RBAM24	268.11	44.03	48.74	45.14	44.49	2.72	2.70	2.73	2.66	2.62
RBAN24	264.41	44.61	49.25	44.94	44.47	2.69	2.66	2.69	2.62	2.58
NGAM24	1.973	47.68	46.92	39.16	37.65	1.98	2.00	2.01	2.08	2.09
NGAN24	2.305	47.11	47.16	43.15	41.93	2.33	2.34	2.34	2.39	2.37

Calculations based on previous session. Data collected 04/30/2024

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						
CLAM24	Crude Oil	79.51	80.42	81.86	82.77	84.21
CLAN24	Crude Oil	78.91	79.79	81.22	82.10	83.53
HOAM24	Heating Oil	244.37	247.92	252.53	256.08	260.69
HOAN24	Heating Oil	245.71	249.14	253.61	257.04	261.51
RBAM24	RBOB Gas	261.33	264.20	269.15	272.02	276.97
RBAN24	RBOB Gas	257.92	260.67	265.39	268.14	272.86
NGAM24	Natural Gas	1.865	1.906	1.999	2.040	2.133

