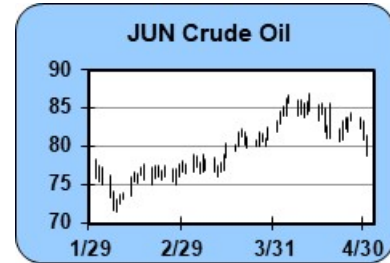




DAILY ENERGY COMPLEX COMMENTARY
5/2/2024

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

OVERNIGHT CHANGES THROUGH 6:06 AM (CT):
CRUDE +36, HEATING OIL +45, UNLEADED GAS +124



CRUDE OIL MARKET FUNDAMENTALS: While the bear camp retains control the crude oil market is oversold from a double digit percentage decline from the April high, OPEC overnight suggested it could extend production cuts again, there was a 50,000 barrel per day decline in April OPEC production and the question of fighting or cease-fire in Gaza should keep the bear camp on edge. However, surprisingly large inflows to API and EIA crude oil inventories earlier this week, a one-year high in US Gulf Coast crude supply, unsold West African May supply, and the prospect the Saudis will be forced to reduce official selling prices keeps interest in the short side alive. Furthermore, US supplies are likely to continue to build as the US refinery operating rate has declined over the last six weeks in the face of what should be a seasonal climb in processing. While risk appetites briefly benefited from Fed Chair Powell's post-FOMC meeting comments, energy prices found little if any fresh support. As a result, crude oil and the products have broken out to the downside this week. Israeli indications they would "go ahead" with a planned attack on southern Gaza, (regardless of any positive comments from Hamas leadership on a cease-fire proposal), are completely overshadowed by a second confirmation of large supply inflows to API and EIA crude oil storage readings. While it is well below capacity, Canada's Trans Mountain pipeline has started to ship crude oil, and that has put additional pressure on energy prices. EIA crude stocks rose 7.265 million barrels and are 1.257 million barrels above year ago levels. Also, crude stocks stand 12.443 million barrels below the five-year average. Crude oil imports for the week stood at 6.772 million barrels per day compared to 6.497 million barrels the previous week. The refinery operating rate was 87.5%, down 1.0% from last week compared to 90.7% last year and the five-year average of 84.7%.

PRODUCT MARKET FUNDAMENTALS: Both product markets followed crude oil to the downside on Wednesday with ULSD falling to a 3 1/2 month low while RBOB reached a 1 1/2 month low. Refinery utilization fell to an 8-week low, and for the first time since 2021 did not post a 90% reading or higher during the February/April timeframe. Implied gasoline demand has held below 8.7 million bpd for four weeks in a row which reflects lukewarm "shoulder" season driving demand. The implied demand readings for gasoline and distillate both had sizable weekly upticks while petroleum product imports reached a 10-month high, which is due in part to the start of the North American summer driving season at the end of this month. Average retail "pump" prices for regular unleaded gasoline have fallen back from their 2024 highs in mid-April, but they are more than 60 cents above their mid-January lows. EIA gasoline stocks rose 344,000 barrels and are 4.209 million barrels above last year and 7.480 million below the five year average. Average total gasoline demand for the past four weeks was down 3.6% compared to last year. Gasoline imports came in at 977,000 barrels per day compared to 780,000 barrels the previous week. EIA distillate stocks fell 732,000 barrels and stand at 5.527 million barrels above last year and 8.552 million below the five year average. Distillate imports came in at 103,000 barrels per day compared to 138,000 barrels the previous week. Average total distillate demand for the past four weeks was down 8.24% compared to last year.

CRUDE OIL		Stocks			Imports	Refinery Capacity(%)	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/26/2024	460.890	+7.265	+1.257	473.333	6.772	87.5	
DISTILLATES		Stocks			Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/26/2024	115.850	-0.732	+5.527	124.402		3.678	
GASOLINE		Stocks			Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/26/2024	227.087	+0.344	+4.209	234.567	0.977	8.618	

NATURAL GAS: While European gas prices have firmed from cool weather and there was a slight dip in April Russian shipments to Europe, the path of least resistance remains down especially given forecasts for a decline in US demand of 3% for this year. Therefore, neutral, or bearish EIA storage data this morning could send the market into new contract lows, while a bullish (small injection) is likely to be ignored. After two days of volatile action, natural gas prices have followed through on Tuesday's reversal and are on the verge of a downside breakout to new 2024 lows. Today's EIA storage report is expected to show a weekly build of 50 to 60 bcf, which would keep storage well above last year's comparable total and the 5-year average and has pressured natural gas prices coming into today's action. LSEG estimated US LNG exports in April at 6.19 million tonnes, which compares with 7.61 million in March and would be a fourth monthly decline in a row. The Freeport LNG export facility remains far below capacity due to operational issues, and that has limited support from US export demand. Chesapeake Energy said that they would further reduce their production during the second quarter due to lower demand, and that put additional pressure on natural gas prices. There is well above normal temperatures over the southeastern US in the latest 6 to 10 day forecast that may increase air conditioning demand, but that may not be enough for natural gas prices to put the brakes on their current selloff. Near-term resistance for June natural gas is at \$2.000 while support is at \$1.850.

TODAY'S MARKET IDEAS:

The bear camp should continue to hold the upper hand in the energy markets as lukewarm demand in the US and China remains a source of pressure. Middle East tensions continue to smolder and could flare-up again with an Israeli offensive into southern Gaza, but that may be kept "on hold" until there are definitive results from the ceasefire talks in Egypt. With retail gasoline prices holding in a tight range while futures prices drop sharply, RBOB is likely to lead the petroleum complex to the downside over the rest of this week. Near-term resistance for June crude oil is at \$80.75 while support is down at \$77.60. Near-term resistance for June RBOB is at \$2.6225 while near-term resistance for June ULSD is at \$2.4850.

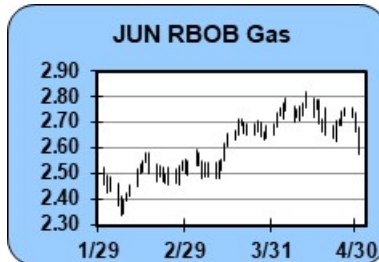
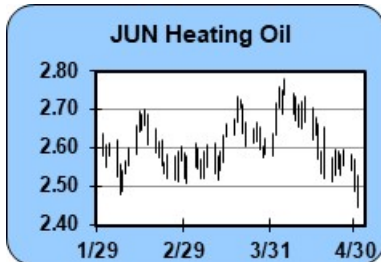
NEW RECOMMENDATIONS:

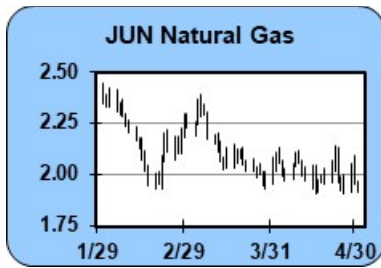
None.

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) 05/02/2024: The close below the 60-day moving average is an indication the longer-term trend has turned down. 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 close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 76.94. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 80.52 and 82.41, while 1st support hits today at 77.78 and below there at 76.94.

HEATING OIL (JUN) 05/02/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. 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 objective is now at 238.76. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 249.98 and 255.80, while 1st support hits today at 241.46 and below there at 238.76.

RBOB GAS (JUN) 05/02/2024: The close under the 60-day moving average indicates the longer-term trend could be turning down. 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 close below the 2nd swing support number puts the market on the defensive. The next downside target is 249.43. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 263.36 and 271.32, while 1st support hits today at 252.42 and below there at 249.43.

NATURAL GAS (JUN) 05/02/2024: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is 1.879. The next area of resistance is around 1.957 and 1.992, while 1st support hits today at 1.901 and below there at 1.879.

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	79.15	27.75	36.19	31.67	21.02	81.89	82.38	83.35	81.50	80.17
CLAN24	78.59	27.64	36.06	31.40	20.95	81.26	81.69	82.66	80.83	79.56
HOAM24	245.72	21.86	30.54	17.50	12.60	2.52	2.55	2.60	2.62	2.61
HOAN24	247.08	22.73	31.35	18.76	13.38	2.53	2.56	2.61	2.61	2.61
RBAM24	257.89	27.58	35.86	39.44	28.04	2.69	2.69	2.72	2.67	2.63
RBAN24	254.69	27.92	36.22	39.32	28.09	2.65	2.65	2.68	2.62	2.58
NGAM24	1.929	41.59	42.88	35.66	28.66	1.97	2.00	2.00	2.07	2.08
NGAN24	2.262	41.37	43.26	39.14	31.12	2.31	2.33	2.33	2.38	2.37

Calculations based on previous session. Data collected 05/01/2024

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	76.93	77.78	79.67	80.52	82.41
CLAN24	Crude Oil	76.47	77.28	79.09	79.90	81.71
HOAM24	Heating Oil	238.76	241.46	247.28	249.98	255.80
HOAN24	Heating Oil	240.40	242.99	248.57	251.16	256.74
RBAM24	RBOB Gas	249.42	252.41	260.37	263.36	271.32
RBAN24	RBOB Gas	246.69	249.52	257.03	259.85	267.36
NGAM24	Natural Gas	1.878	1.900	1.935	1.957	1.992
NGAN24	Natural Gas	2.224	2.239	2.269	2.284	2.314

Calculations based on previous session. Data collected 05/01/2024

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