



# DAILY ENERGY COMPLEX COMMENTARY

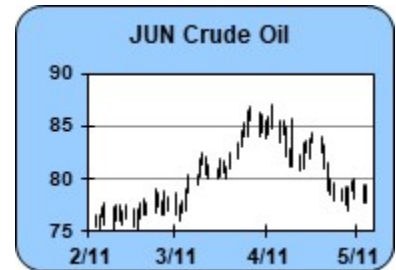
Wednesday May 15, 2024

## DAILY ENERGY COMPLEX COMMENTARY

5/15/2024

**Petroleum traders embracing bearish views LNG traders embracing bullish views**

**OVERNIGHT CHANGES THROUGH 6:06 AM (CT):**  
**CRUDE -19, HEATING OIL +13, UNLEADED GAS +91**



**CRUDE OIL MARKET FUNDAMENTALS:** With the energy markets not benefiting from the ability of financial markets (particularly interest rates in equities) with to discount negative macroeconomic readings the trade is not interested in signs the outside market environment for favorable energy demand could remain in place. Furthermore, the trade is not supported by a surprisingly large decline in API crude oil stocks yesterday afternoon of 3.1 million barrels. However, this week's Reuters poll projects EIA crude oil stocks to fall by only 500,000 barrels and apparently to rekindle bullishness toward crude oil requires significant evidence. In fact, the potential loss of supply from wildfires around Canadian oil sands has also been discounted despite news the wildfires have already closed/suspended some Canadian national railway routes. On the other hand, the bear camp is not without arguments as European crude in storage increased by 7.8% on the week and the International Energy Agency overnight reduced its global oil demand outlook by 140,000 barrels per day versus last month. It should be noted that information today indicates OPEC April crude production increased by 120,000 barrels per day which is contrary to headlines yesterday touting a reduction in OPEC output. After the close yesterday, the API survey said that US crude oil stocks had a weekly decline of 3.1 million barrels which was in sharp contrast to forecasts calling for a mild weekly increase. However, the charts have shifted even more negatively and the inability to hold \$77.50 in the July crude oil contract early today targets \$76.63 unless US EIA crude oil inventories show a very large decline this morning.

**PRODUCT MARKET FUNDAMENTALS:** The negative chart bias in gasoline remains in place with a slight bounce off yesterday's low, potentially offering a short sale opportunity for aggressive traders. However, gasoline should derive some support from a larger than expected contraction in API gasoline inventories and from IEA projections of lower global refinery runs. The charts in the gasoline market have shifted bearishly with the downside implosion/large spike down failure yesterday. However, as indicated many times over the last several weeks, the net spec and fund long in gasoline was dramatically overdone which in turn justifies a large washout from ongoing stop loss selling. As in the crude oil market, the gasoline bulls will need a decline in EIA gasoline inventories of significance (over 1 million barrels) and/or an implied gasoline demand reading above 9 million barrels per day to avoid a failure below the next support at \$2.4436 in the July RBOB contract. The API survey said that US gasoline stocks had a weekly decline of 1.27 million barrels which contrasts with expectations for a mild weekly increase, while US distillate stocks had a weekly increase of 349,000 barrels which was slightly smaller than trade forecasts. In the end, the bull camp should be thoroughly devastated given very strong forecasts for upcoming US holiday driving activity. Thin and unreliable support today in the July gasoline contract is \$2.4426.

Weekly EIA Petroleum Estimates - Week Ending 5/10/2024 - In Million Barrels				
	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	-0.3	-0.7	459.5	-1.4

<b>Distillates</b>	<b>1</b>	<b>0.6</b>	<b>116.4</b>	<b>0.6</b>
<b>Gasoline</b>	<b>0.7</b>	<b>0.3</b>	<b>228</b>	<b>0.9</b>

**NATURAL GAS:** Clearly, the charts continue to show ongoing bullish action with a bullish fundamental view apparently rising of concern of a disruption of Russian gas flowing through Ukrainian pipelines. As we indicated earlier this week Russian targeting of Ukrainian power infrastructure could easily disrupt gas flows and create shortages in Europe which in turn may be sparking aggressive seasonal inventory recharge efforts. Unlike the petroleum markets, the natural gas charts became more supportive with prices breaking out and reaching the highest level since early March yesterday. In our opinion, a ring of above normal temperatures in the outer third of the Western, southwestern, Gulf Coast and southeastern coasts have extended expectations for above normal cooling degree days. In fact, shorts are wise to bank profits and move to the sidelines as evidence of a warm start to the northern hemisphere summer is building and the threat against a disruption of supply flow to Europe should not to be discounted. This week's Reuters poll pegs EIA natural gas in storage to increase by 72 BCF to as much as 80 BCF.

**TODAY'S MARKET IDEAS:**

We leave the trend edge with the bear camp and expect gasoline prices to be weaker than crude oil prices. However, despite the lack of a financial market meltdown in the wake of yesterday's high US inflation readings, economic psychology was injured yesterday and energy demand could also be downgraded if the discounting of inflation comes to an end. The crude oil charts have shifted even more negatively and the inability to hold \$77.50 in the July crude oil contract early this morning targets \$76.63 unless US EIA crude oil inventories also show a very large decline today. The next key pivot point on the downside in July gasoline is seen at \$2.4426.

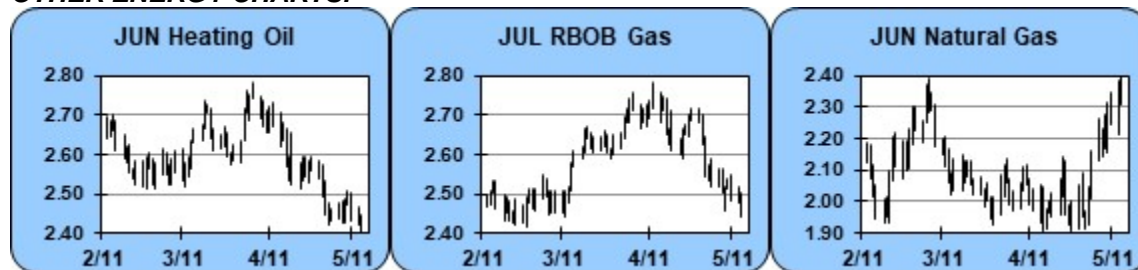
**NEW RECOMMENDATIONS:**

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) 05/15/2024:** Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The near-term upside target is at 80.04. The next area of resistance is around 79.01 and 80.04, while 1st support hits today at 77.32 and below there at 76.65.

**HEATING OIL (JUN) 05/15/2024:** Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 237.75. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is

around 244.51 and 246.90, while 1st support hits today at 239.93 and below there at 237.75.

RBOB GAS (JUN) 05/15/2024: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The market is in a bearish position with the close below the 2nd swing support number. The next downside target is 240.64. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 249.59 and 254.12, while 1st support hits today at 242.85 and below there at 240.64.

NATURAL GAS (JUN) 05/15/2024: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 2.434. The next area of resistance is around 2.380 and 2.434, while 1st support hits today at 2.290 and below there at 2.253.

### 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	78.17	34.78	37.96	19.87	20.86	78.70	78.64	80.50	81.74	80.59
CLAN24	77.76	34.46	37.86	19.38	20.12	78.25	78.22	79.95	81.11	79.97
HOAM24	242.22	24.49	30.23	14.94	12.86	2.44	2.45	2.50	2.59	2.59
HOAN24	243.76	25.25	30.92	14.80	12.62	2.46	2.46	2.51	2.60	2.58
RBAM24	246.22	24.73	30.48	12.90	8.66	2.50	2.54	2.61	2.67	2.63
RBAN24	245.47	26.51	32.00	15.07	11.14	2.49	2.51	2.58	2.63	2.59
NGAM24	2.335	66.65	63.32	81.88	87.96	2.32	2.23	2.11	2.07	2.10
NGAN24	2.551	63.58	60.60	78.54	84.69	2.54	2.48	2.41	2.38	2.40

Calculations based on previous session. Data collected 05/14/2024  
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	76.65	77.31	78.34	79.01	80.04
CLAN24	Crude Oil	76.31	76.95	77.91	78.55	79.50
HOAM24	Heating Oil	237.74	239.93	242.32	244.51	246.90
HOAN24	Heating Oil	239.44	241.54	243.88	245.98	248.32
RBAM24	RBOB Gas	240.64	242.85	247.38	249.59	254.12
RBAN24	RBOB Gas	240.20	242.36	246.41	248.57	252.62
NGAM24	Natural Gas	2.252	2.289	2.343	2.380	2.434
NGAN24	Natural Gas	2.468	2.506	2.558	2.595	2.647

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