



DAILY ENERGY COMPLEX COMMENTARY

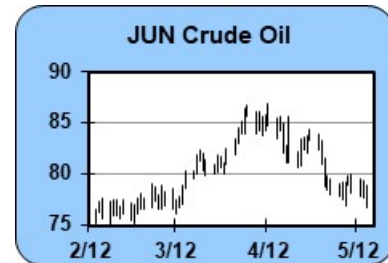
Thursday May 16, 2024

DAILY ENERGY COMPLEX COMMENTARY

5/16/2024

Sell rallies in petroleum markets wait to sell gas rallies

OVERNIGHT CHANGES THROUGH 3:16 AM (CT):
CRUDE +32, HEATING OIL +120, UNLEADED GAS +158



CRUDE OIL MARKET FUNDAMENTALS: Despite the overnight higher high in July crude oil, we leave the edge with the bear camp as the IEA yesterday reduced its demand forecasts and large New York-based brokerage firm research departments continue to see OPEC production restraint providing an offset to softer demand through the third quarter. While the low to high bounce from yesterday's low was significant (nearly 2 dollars) and EIA crude oil inventories surprised with a noted decline the best we see July crude oil managing is a failed test of the top of the recent sideways consolidation at \$79.17. Even though the weekly EIA inventory report was positive with respect to supply tightening, US implied gasoline demand continues to run under year-ago levels keeping the gasoline market vulnerable to further liquidation. On the other hand, fighting in Gaza remains intense and the Israeli prime minister interviewed on CNBC yesterday confirmed Israel will not stop fighting until the job is done, and therefore traders should look for a backlash from Hamas or Iran. Furthermore, there are other supply threats present with potential losses of Canadian oil sands production due to wildfires, (however, winds shifted away from the production area overnight) and Yemeni rebels promising to strike vessels transiting the Red Sea again. EIA crude stocks fell 2.508 million barrels and are 10.604 million barrels below year ago levels. Also, crude stocks stand 18.309 million barrels below the five-year average. Crude oil imports for the week stood at 6.744 million barrels per day compared to 6.969 million barrels the previous week. The refinery operating rate was 90.4%, up 1.9% from last week compared to 92.0% last year and the five-year average of 85.7%. Selling resistance in July crude oil today is \$79.17.

PRODUCT MARKET FUNDAMENTALS: With another lower low for the move and another below year-ago weekly EIA implied gasoline demand reading yesterday, the bear camp has fundamental backing to continue to press prices. In fact, with the net spec and fund long in gasoline approaching four year highs (into the recent highs) and sitting at 62,621 contracts we see the potential for additional stop loss selling. The gasoline spec long will not be mostly liquidated in our view until the net long is below 52,000 contracts. However, gasoline should see modest support from a jump in Indian gasoline consumption for the first 15 days of May with demand rising 11%. EIA gasoline stocks fell 235,000 barrels and are 9.437 million barrels above last year and 2.758 million below the five-year average. Average total gasoline demand for the past four weeks was down 4.5% compared to last year. Gasoline imports came in at 726,000 barrels per day compared to 719,000 barrels the previous week. Downtrend channel selling resistance in July gasoline today is \$2.5120 with thin and unreliable support seen at \$2.4585. EIA distillate stocks fell 45,000 barrels and stand at 10.132 million barrels above last year and 8.948 million below the five-year average. Distillate imports came in at 89,000 barrels per day compared to 111,000 barrels the previous week. Average total distillate demand for the past four weeks was down 5.34% compared to last year. Selling resistance in July gasoline today is \$2.5180.

Weekly EIA Petroleum Report					In Million Barrels		
CRUDE OIL	Stocks				Imports	Refinery Capacity(%)	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago

5/10/2024	457.020	-2.508	-10.604	475.329	6.744	90.4	
DISTILLATES	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
5/10/2024	116.365	-0.045	+10.132	125.313		3.831	
GASOLINE	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
5/10/2024	227.767	-0.235	+9.437	230.525	0.726	8.875	

NATURAL GAS: The bull camp continues to get supportive fundamental news from both supply and demand quadrants. Yesterday a private analytical service predicted US lower 48 production fell by 900 mcf/day which has not been a frequent occurrence over the last year. Even demand continues to be supportive with warmer than normal temperatures covering almost 30% of the continental US out into next week. In another supportive but longer-term demand news the largest Chinese LNG importer placed orders for 12 LNG carriers back in 2022 and the first of those ships was delivered yesterday. This week's Reuters poll projects an injection of 50 to 87 BCF while a private service predicts weekly natural gas storage to increase by 80 BCF. Uptrend channel support in July natural gas today is \$2.526 with closer in support at \$2.563.

TODAY'S MARKET IDEAS:

While we leave the edge with the bear camp, we suggest traders look for the crude oil market to show signs of bottoming before gasoline, as the crude market was not as overbought from a speculative perspective and crude oil news from the EIA recently has been more supportive. Downtrend channel selling resistance in July crude oil today is \$79.17. Downtrend channel selling resistance in July gasoline today is \$2.5120 with thin and unreliable support is seen at \$2.4585.

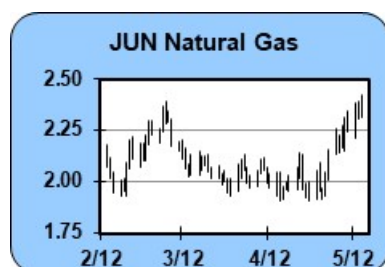
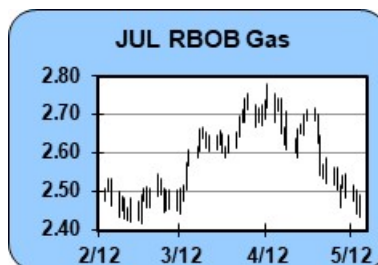
NEW RECOMMENDATIONS:

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) 05/16/2024: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The upside closing price reversal on the daily chart is somewhat bullish. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 80.54. The next area of resistance is around 79.95 and 80.54, while 1st support hits today at 77.73 and below there at 76.11.

HEATING OIL (JUN) 05/16/2024: The daily stochastics gave a bullish indicator with a crossover up. Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close below the 9-day moving average is a negative short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 248.13. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 245.97 and 248.13, while 1st support hits today at 239.65 and below there at 235.48.

RBOB GAS (JUN) 05/16/2024: Momentum studies are declining, but have fallen to oversold levels. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is now at 242.54. The next area of resistance is around 253.26 and 254.99, while 1st support hits today at 247.04 and below there at 242.54.

NATURAL GAS (JUN) 05/16/2024: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 2.499. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 2.463 and 2.499, while 1st support hits today at 2.353 and below there at 2.278.

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	78.84	41.78	42.17	20.66	22.69	78.56	78.61	80.30	81.78	80.63
CLAN24	78.36	41.23	41.87	20.23	22.28	78.11	78.20	79.76	81.15	80.01
HOAM24	242.81	28.56	32.33	15.53	16.72	2.43	2.45	2.49	2.59	2.58
HOAN24	244.27	27.12	31.88	15.13	15.78	2.44	2.46	2.50	2.59	2.58
RBAM24	250.15	34.54	36.53	12.49	11.67	2.49	2.53	2.60	2.67	2.63
RBAN24	249.03	37.19	38.60	14.83	14.37	2.48	2.51	2.58	2.63	2.59
NGAM24	2.408	71.38	66.80	85.31	91.71	2.35	2.27	2.14	2.07	2.11
NGAN24	2.622	69.53	64.86	82.37	89.47	2.56	2.51	2.42	2.38	2.40

Calculations based on previous session. Data collected 05/15/2024

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	76.10	77.73	78.32	79.95	80.54
CLAN24	Crude Oil	75.80	77.32	77.87	79.39	79.94
HOAM24	Heating Oil	235.47	239.64	241.80	245.97	248.13
HOAN24	Heating Oil	237.15	241.18	243.32	247.35	249.49
RBAM24	RBOB Gas	242.53	247.03	248.76	253.26	254.99
RBAN24	RBOB Gas	241.57	245.98	247.65	252.07	253.73
NGAM24	Natural Gas	2.277	2.352	2.388	2.463	2.499

NGAN24	Natural Gas	2.510	2.574	2.605	2.669	2.700
--------	-------------	-------	-------	-------	-------	-------

Calculations based on previous session. Data collected 05/15/2024

Data sources can & do produce bad ticks. Verify before use.

****This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.*