

Mon 04 Mar, 2024 2:50 PM

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COMMENTARY: PETROLEUM COMPLEX (WTI | BRENT | ULSD | RBOB)

The complex fell today, led by ULSD, despite supportive news from OPEC+. Reuters reports that voluntary output cuts of some 2.2mb/d that are in place this quarter are to be extended through the second quarter of this year. Moreover, Russia, Kazakhstan, the UAE, Iraq, and Kuwait are to cut production by an additional combined 0.6mb/d by June. It was a quiet day on the economic calendar, but stock market indexes were largely trading in the red. Across the pond, the French CAC 40 strengthened and posted a 0.28% gain, but the German DAX shed 0.11% and the UK FTSE 100 lost 0.55%. Here in the US as of this writing, the S&P 500 had shed 0.1% and both the Dow and the Nasdaq were down by 0.3%. The US dollar was trading flat against a basket of foreign currencies.

TECHNICAL LEVELS: ULSD (HO)

		Price
RESISTANCE	3	\$2.8188
	2	\$2.7881
	1	\$2.7127
SETTLEMENT PRICE		\$2.6472
SUPPORT	1	\$2.6439
	2	\$2.5979
	3	\$2.4973

COMMODITY	OPEN	HIGH	LOW	CLOSE	CHANGE \$	CHANGE %
WTI Crude	\$80.14	\$80.41	\$78.56	\$78.74	-\$1.23	-1.5%
BRENT Crude	\$83.50	\$84.08	\$82.57	\$82.80	-\$0.75	-0.9%
ULSD (HO)	\$2.7129	\$2.7129	\$2.6354	\$2.6472	-\$0.0570	-2.1%
RBOB Gasoline	\$2.6145	\$2.6244	\$2.5744	\$2.5857	-\$0.0287	-1.1%
Natural Gas	\$1.873	\$1.989	\$1.870	\$1.916	+\$0.081	+4.4%

VOLUME	126,319	LOW
RSI	46.5	NEUTRAL
SLOW STOCHASTICS		NEUTRAL
MACD		BEARISH
CANDLE STICKS		NEUTRAL
MOVING AVERAGES		NEUTRAL
ADX	15.6	RISING
TECHNICAL DIRECTION		→

COMMENTARY: NATURAL GAS | WEATHER | INVENTORIES

Natural gas futures on NYMEX rallied today. Gains in European prices were supportive, but relatively small, whereas developments in the US market were largely unresponsive. Dutch TTF prices rose by 7 cents to \$8.22/mmBtu, but the Japan Korea Marker fell by 7 cents to \$8.30/mmBtu. On Friday, Henry Hub cash prices fell by 20 cents to \$1.47/mmBtu, Transco Zone 6 prices slipped 7 cents lower to \$1.40/mmBtu, and prices at the Algonquin citygate dropped 24 cents lower to \$1.50/mmBtu. In unresponsive US news today, LSEG analysts slashed their total US demand forecast for this week, by 6.8bcf/d to 111.5bcf/d, while trimming their supply forecast by 2.9 to 108.5bcf/d, implying smaller withdrawals from storage of 3.0bcf/d. The market is expected to tighten slightly next week, as demand jumps 2.0bcf/d higher while a 1.6bcf/d rise in supply fails to completely offset. In an unresponsive development today, the GFS cut its two-week US HDD forecast by 20 to 227, which is far lower than both last year's 324 HDDs and the 30-year average of 304. The latest 1-5 day ECMWF outlook sees above- to well-above-normal temperatures across the eastern half of the country. The 6-10 and 11-15 day forecasts call for above-normal temperatures in both the Midwestern and Northeastern consuming regions.

ULTRA LOW SULFUR DIESEL (HO)

ULSD (\$/gallon)	4-Mar	1-Mar	Change (Δ)	
APR4	\$2.6472	\$2.7042	↓	\$0.0570 -2.1%
MAY4	\$2.5972	\$2.6410	↓	\$0.0438 -1.7%
JUN4	\$2.5610	\$2.5961	↓	\$0.0351 -1.4%
Strip: 12-Months Ratable	\$2.5406	\$2.5682	↓	\$0.0276 -1.1%
Strip: 9-Months Ratable	\$2.5584	\$2.5892	↓	\$0.0308 -1.2%
Strip: Winter (Jan-Apr)	\$2.6157	\$2.6645	↓	\$0.0488 -1.8%

RBOB GASOLINE and PROPANE

RBOB (\$/gallon)	4-Mar	1-Mar	Change (Δ)	
APR4	\$2.5857	\$2.6144	↓	\$0.0287 -1.1%
MAY4	\$2.5769	\$2.6047	↓	\$0.0278 -1.1%
JUN4	\$2.5444	\$2.5726	↓	\$0.0282 -1.1%
PROPANE (\$/gallon)				
	01-Mar	29-Feb	Change (Δ)	
Mt. Belvieu	\$0.8400	\$0.8525	↓	-\$0.013 -1.5%
Conway	\$0.8625	\$0.8613	↑	\$0.001 +0.1%

**COMMENTARY: ENERGY TECHNICALS (WTI | ULSD | RBOB | NG)**

NYMEX HO futures turned back south in another relatively light trading session. Futures fell 2.1% and we saw both a lower high and a lower low, but bears were unable to take out nearby \$2.6439 support on a settlement basis. Accordingly, we remain neutral, looking to \$2.6439 and then to \$2.5979 for nearby support, and to the 50-day ma (\$2.7127) and the 100-day ma (\$2.7881) for nearby resistance. RBOB futures gapped slightly higher but ended down 1.1% in an inside session (lower high, slightly higher low), doing nothing to push us up off of the sidelines. We continue to look to \$2.6522 and \$2.7300 for resistance, and \$2.5514 and \$2.4932 remain as our nearby support levels. WTI gapped higher over the weekend but then fell 1.5% in an inside session. Candlesticks continue to trend higher, and we remain neutral/bullish for now, with next resistance expected at \$82.88 followed by \$90.25, and with the 9-day ma (\$78.33) and then 100-day ma (\$76.76) seen offering nearby support. Natural gas futures trade was more lively today, with a rally to \$1.989 and a close at \$1.916, taking out nearby resistance at \$1.905. Slow stochastics are overbought, but there is no confirmation from a very neutral RSI. The MACD is neutral as well, while major averages are bearish. We remain on the sidelines, looking next to \$2.247 and then to the 50-day ma (\$2.291) for resistance, and to \$1.905 and then to the 18-day ma (\$1.747) for nearby support.

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CRUDE OIL: WTI

WTI (\$/barrel)	04-Mar	01-Mar		Change (Δ)	
APR4	\$78.74	\$79.97	↓	-\$1.23	-1.5%
MAY4	\$78.17	\$79.09	↓	-\$0.92	-1.2%
JUN4	\$77.61	\$78.33	↓	-\$0.72	-0.9%



NATURAL GAS: HH

NG (\$/MMBTU)	4-Mar	1-Mar		Change (Δ)	
APR4	\$1.9160	\$1.8350	↑	\$0.0810	+4.4%
MAY4	\$2.0730	\$1.9750	↑	\$0.0980	+5.0%
JUN4	\$2.3120	\$2.2120	↑	\$0.1000	+4.5%



ECONOMIC INDICATORS

INDICATOR	4-Mar	1-Mar		Change (Δ)	
DJI	39,080	39,087	↓	-7.17	-0.0%
Dollar Index (DXY)	103.82	103.86	↓	-0.04	-0.0%
EUR/USD	\$1.0858	\$1.0837	↑	\$0.0021	+0.2%
Gold	\$2,116.1	\$2,086.9	↑	\$29.2	+1.4%

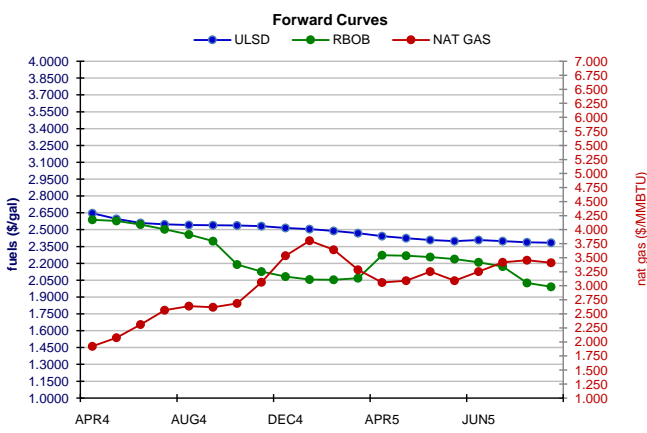
NYMEX FORWARD CURVES

MONTH	ULSD	RBOB	WTI	NAT GAS
APR4	\$2.6472	\$2.5857	\$78.74	\$1.916
MAY4	\$2.5972	\$2.5769	\$78.17	\$2.073
JUN4	\$2.5610	\$2.5444	\$77.61	\$2.312
JUL4	\$2.5485	\$2.5022	\$77.01	\$2.567
AUG4	\$2.5422	\$2.4555	\$76.38	\$2.639
SEP4	\$2.5421	\$2.3969	\$75.74	\$2.623
OCT4	\$2.5396	\$2.1896	\$75.10	\$2.690

EIA Inventories

Week to: 23-Feb-2024

COMMODITY	Current	Previous		Change (Δ)	
Crude Oil (mbbl)	447.163	442.964	↑	4.199	0.9%
Cushing (mbbl)	30.970	29.512	↑	1.458	4.9%
Distillates (mbbl)	121.141	121.651	↓	-0.510	-0.4%
East Coast	32.359	32.623	↓	-0.264	-0.8%
Heating Oil	7.230	7.367	↓	-0.137	-1.9%
East Coast	1.014	1.051	↓	-0.037	-3.5%
ULSD	111.384	111.638	↓	-0.254	-0.2%
East Coast	30.550	30.759	↓	-0.209	-0.7%
New England	5.084	4.810	↑	0.274	5.7%
Mid Atlantic	15.841	16.404	↓	-0.563	-3.4%
Propane (mbbl)	51.181	54.613	↓	-3.432	-6.3%
East Coast	4.326	4.950	↓	-0.624	-12.6%
Refinery Utilization (%)	81.50	80.60	↑	0.900	1.1%
Natural Gas (bcf)	2,374	2,470	↓	-96	-3.9%

U.S. Distillate Stocks
(Thousand Barrels)