

Tue 03 Sep, 2024 2:55 PM

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

The complex tumbled lower today amid a sell-off in equities, strength in the US dollar index, and reports that a dispute that has halted oil production and exports in Libya could be resolved soon. Bloomberg reported that the governor of Libya's central bank has said that a deal appears to be imminent to resolve the dispute and trigger the resumption of oil output. Also in the news today, Libya's NOC declared force majeure on the El Feel oilfield from September 2, according to Reuters. In economic news, the final August S&P Global US Manufacturing PMI came in at 47.9, a surprise downward revision from the 48.0 flash estimate. The more established ISM survey index was also a miss, rising from 46.8 in July to 47.2 last month but coming in short of the 47.5 Econoday consensus forecast. Also unsupportive, US construction spending fell 0.3% in July, against expectations calling for a 0.1% increase. US stock market indexes were selling off as of this writing. The Dow was down 1.2%, the S&P 500 had lost 1.6%, and the Nasdaq had dropped 2.6% lower. European shares also fell today with the FTSE 100 down 0.78%, the CAC 40 closing 0.93% lower, and the DAX falling 0.97%. Also unsupportive for crude oil prices, the US dollar index was up 0.2% this afternoon.

COMMODITY	OPEN	HIGH	LOW	CLOSE	CHANGE \$	CHANGE %
WTI Crude	\$73.53	\$74.41	\$70.10	\$70.34	-\$3.21	-4.4%
BRENT Crude	\$77.16	\$77.55	\$73.51	\$73.75	-\$3.77	-4.9%
ULSD (HO)	\$2.2806	\$2.2958	\$2.1992	\$2.2060	-\$0.0723	-3.2%
RBOB Gasoline	\$2.0936	\$2.0936	\$1.9648	\$1.9777	-\$0.1155	-5.5%
Natural Gas	\$2.146	\$2.218	\$2.075	\$2.203	+\$0.076	+3.6%

TECHNICAL LEVELS: ULSD (HO)			Price
RESISTANCE	↑	3	\$2.4130
		2	\$2.3062
		1	\$2.2687
SETTLEMENT PRICE			\$2.2060
SUPPORT	↓	1	\$2.2000
		2	\$2.1500
		3	\$2.0000

VOLUME	192,881	HIGH
RSI	37.5	BEARISH
SLOW STOCHASTICS		BEARISH
MACD		BEARISH
CANDLE STICKS		BEARISH
MOVING AVERAGES		BEARISH
ADX	19.4	RISING
TECHNICAL DIRECTION		↓

COMMENTARY: NATURAL GAS | WEATHER | INVENTORIES

Natural gas futures turned back north on NYMEX today despite unsupportive developments in the US market. Dutch TTF prices also fell, by 32 cents to \$12.17/mmBtu, while the Japan Korea Marker rose by 8 cents to \$14.09/mmBtu. The GFS cut its two-week US CDD forecast by 16 to 152, which is lower than last year's 171 CDDs but still above the 30-year average of 133. Also unsupportive, LSEG analyst trimmed their total US demand forecast for the current week by 0.2 to 102.8bcf/d, while increasing their supply forecast by 0.8 to 111.1bcf/d, implying larger storage injections of 8.3bcf/d. The market is expected to loosen up further next week, as demand falls by 1.7bcf/d to 101.1bcf/d, while supply remains steady. The NHC is tracking three disturbances in the Atlantic but gives them all low chances of cyclone formation over the next two days.

ULTRA LOW SULFUR DIESEL (HO)

ULSD (\$/gallon)	3-Sep	30-Aug	Change (Δ)	
OCT4	\$2.2060	\$2.2515	↓	\$0.0455 -2.0%
NOV4	\$2.2220	\$2.2220	→	\$0.0000 +0.0%
DEC4	\$2.2305	\$2.2305	→	\$0.0000 +0.0%
Strip: 12-Months Ratable	\$2.2189	\$2.2865	↓	\$0.0676 -3.0%
Strip: 9-Months Ratable	\$2.2201	\$2.2911	↓	\$0.0710 -3.1%
Strip: Winter (Oct-Apr)	\$2.2267	\$2.2981	↓	\$0.0714 -3.1%

RBOB GASOLINE and PROPANE

RBOB (\$/gallon)	3-Sep	30-Aug	Change (Δ)	
OCT4	\$1.9777	\$2.2117	↓	\$0.2340 -10.6%
NOV4	\$1.9553	\$1.9553	→	\$0.0000 +0.0%
DEC4	\$1.9303	\$1.9303	→	\$0.0000 +0.0%
PROPANE (\$/gallon)	30-Aug	29-Aug	Change (Δ)	
Mt. Belvieu	\$0.7486	\$0.7600	↓	-\$0.011 -1.5%
Conway	\$0.7761	\$0.7875	↓	-\$0.011 -1.4%



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

Consistent with our directional view, HO futures dropped 3.2% lower today in a heavily-traded downside session (lower high and a lower low). Bears took out the 9-day ma (\$2.2687) in the process, and this becomes nearby resistance, followed by the 18-day ma at \$2.3062. We look to the \$2.2000 and \$2.1500 psychological levels for next support. All indicators point south, and neither the slow stochastics nor the RSI are oversold. RBOB futures gapped lower, but rather than rising to close the gap left by the front switch, they sold off 5.5%. The RSI is now oversold, but slow stochastics have room to fall. At the same time, we may well see a bounce following a drop of this magnitude. We are neutral/bearish, seeing support at \$1.9698 and then at \$1.8846, with nearby resistance at the \$2.0000 and then at the 18-day ma (\$2.2794). WTI futures fell by 4.4% in a downside session, rewarding us for adopting a bearish view on Friday. Slow stochastics and the RSI have room to fall, and we maintain this view, looking to \$69.73 and then to \$63.85 for next support. We see the 9-day ma (\$74.11) and then the 18-day ma (\$75.48) offering nearby resistance. Lastly, NYMEX NG futures gained 3.6% today but in an outside session, as we saw a lower low along with the higher high. Slow stochastics, the RSI, and candlesticks look bullish, whereas the MACD is neutral and the major averages are bearish. We were neutral and adopt a flat-to-higher price view, seeing next resistance at the 50-day (\$2.203) and 100-day (\$2.280) moving averages, with nearby support at the 18-day ma (\$2.117), 9-day ma (\$2.058), and at \$2.000.

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CRUDE OIL: WTI

WTI (\$/barrel)	03-Sep	30-Aug	Change (Δ)	
OCT4	\$70.34	\$73.55	↓	-\$3.21 -4.4%
NOV4	\$69.59	\$69.59	→	\$0.00 +0.0%
DEC4	\$69.04	\$69.04	→	\$0.00 +0.0%



NATURAL GAS: HH

NG (\$/MMBTU)	3-Sep	30-Aug	Change (Δ)	
OCT4	\$2.2030	\$2.1270	↑	\$0.0760 +3.6%
NOV4	\$2.5500	\$2.5500	→	\$0.0000 +0.0%
DEC4	\$3.0670	\$3.0670	→	\$0.0000 +0.0%



ECONOMIC INDICATORS

INDICATOR	3-Sep	30-Aug	Change (Δ)	
DJI	40,994	41,563	↓	-569.36 -1.4%
Dollar Index (DXY)	101.86	101.65	↑	0.20 +0.2%
EUR/USD	\$1.1036	\$1.1071	↓	-\$0.0035 -0.3%
Gold	\$2,487.1	\$2,493.8	↓	-\$6.7 -0.3%

NYMEX FORWARD CURVES

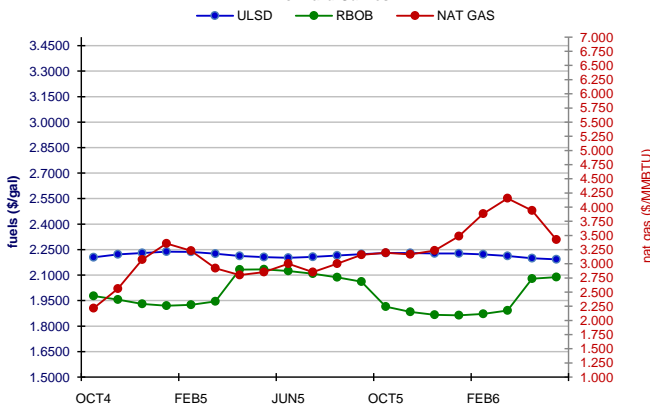
MONTH	ULSD	RBOB	WTI	NAT GAS
OCT4	\$2.2060	\$1.9777	\$70.34	\$2.203
NOV4	\$2.2220	\$1.9553	\$69.59	\$2.550
DEC4	\$2.2305	\$1.9303	\$69.04	\$3.067
JAN5	\$2.2381	\$1.9195	\$68.64	\$3.353
FEB25	\$2.2365	\$1.9251	\$68.31	\$3.227
MAR25	\$2.2260	\$1.9457	\$68.06	\$2.917
APR25	\$2.2134	\$2.1317	\$67.85	\$2.796

EIA Inventories

Week to: 23-Aug-2024

COMMODITY	Current	Previous	Change (Δ)	
Crude Oil (mbbl)	425.183	426.029	↓	-0.846 -0.2%
Cushing (mbbl)	27.536	28.204	↓	-0.668 -2.4%
Distillates (mbbl)	123.086	122.811	↑	0.275 0.2%
East Coast	34.557	34.433	↑	0.124 0.4%
Heating Oil	6.639	7.828	↓	-1.189 -15.2%
East Coast	0.965	0.826	↑	0.139 16.8%
ULSD	113.980	112.403	↑	1.577 1.4%
East Coast	33.000	33.068	↓	-0.068 -0.2%
New England	4.416	3.926	↑	0.490 12.5%
Mid Atlantic	17.788	17.680	↑	0.108 0.6%
Propane (mbbl)	93.069	92.078	↑	0.991 1.1%
East Coast	7.361	7.160	↑	0.201 2.8%
Refinery Utilization (%)	93.30	92.30	↑	1.000 1.1%
Natural Gas (bcf)	3,334	3,299	↑	35 1.1%

Forward Curves

U.S. Distillate Stocks
(Thousand Barrels)