



## DAILY ENERGY COMPLEX COMMENTARY

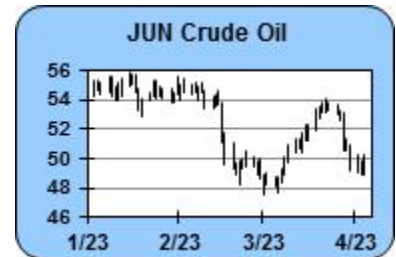
Thursday April 27, 2017

### DAILY ENERGY COMPLEX COMMENTARY

04/27/17

**Weekly storage number keeping heavy pressure on energy complex**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**CRUDE -54, HEATING OIL -195, UNLEADED GAS -287**



**CRUDE OIL MARKET FUNDAMENTALS:** Crude oil prices come into this morning's on the defensive. The energy markets have seen fairly volatile price action over the past 24 hours, with traders being caught wrong-footed twice by weekly storage data. In contrast to a key private survey on Tuesday evening that showed a modest build in crude oil stocks, the EIA report yesterday showed a much larger decline than trade forecasts were originally calling for. One positive note for crude oil prices is that inventories at the Cushing, Oklahoma hub fell by more than expected. Even so, crude oil prices could not hold much of its early gain on Wednesday and finished the session only slightly higher on the day. US crude oil production continues to climb as the number of active drilling rigs increases. When combined with an uptick in crude oil imports, this is expected to keep US supply ample as we head into the summer driving season. EIA crude stocks came in at 528.702 million barrels, the highest ever for this week, but they did fall 3.641 million barrels from the previous week. They are currently 19.391 million barrels above year ago levels and 118.397 million barrels above the five year average. Crude oil imports for the week stood at 8.912 million barrels per day, up from 7.810 million previous week. The refinery operating rate came in at 94.1%, up 1.2% from the previous week and up from 88.1% last year at this time and above the five year average of 88.16%.

**PRODUCT MARKET FUNDAMENTALS:** Heating oil and RBOB are finding severe pressure this morning, as the product markets have found little benefit from EIA storage numbers. The EIA was in agreement with the private survey for gasoline stocks in showing a large increase over the previous week and was in sharp contrast what the market had expected. This sent RBOB prices into a tailspin that took prices below the mid-March lows at one point. Distillates had a fairly sizable build, which was in contrast to the draw expected by the market. This sent heating oil down to a new low for the move by Wednesday's close.

Gasoline stocks came in at 241.041 million barrels, an increase of 3.369 million for the week. They were 218,000 barrels below last year but 19.844 million above the five year average. Average total gasoline demand for the past four weeks was down 1.78% from to last year. Imports came in at 916,000 barrels per day, up from 843,000 the previous week. Distillate stocks rose 2.651 million barrels on the week. They were 7.323 million barrels below last year but 22.570 million above the five year average. Distillate imports came in at 54,000 barrels per day, down from 167,000 the previous week. Average total distillate demand for the past four weeks was up 4.51% from last year.

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
4/21/2017	528.702	-3.641	19.391	410.305	8.912	94.1	88.1
DISTILLATES	Stocks				Imports	Demand	

Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/21/2017	150.917	2.651	-7.323	128.347	0.054	3.667	4.122
<b>GASOLINE</b>	<b>Stocks</b>				<b>Imports</b>	<b>Demand</b>	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/21/2017	241.041	3.369	-0.218	221.197	0.916	9.206	9.315

**NATURAL GAS:** June natural gas is finding mild pressure this morning, after posting its largest one-day gain since April 4th yesterday and settling more than 3% above Tuesday's close. Some marginal cooling demand could be seen along the East Coast over the next 3 days. That and below normal temperatures forecast for the Midwest during the first week of May are seen as positive inputs. For today's EIA weekly inventory report, the trade is looking for natural gas stocks to be up 74 bcf from last week. The 5-year average for this week is +57 bcf. June natural gas closed over the near term resistance line at \$3.260 on Wednesday. Earlier in the session the market tested the 50% retracement level of the entire April range at \$3.273. The next resistance is the 61.8% level of \$3.309. The slow stochastics have crossed over and turned up, indicating positive momentum. The first level of support is at \$3.238, followed by \$3.209.

**TODAY'S MARKET IDEAS:**

Unless there are clear signs of progress in the major oil producing nations extending their output cut agreement for another 6 months, crude oil prices are likely to reach a new low for the move this week. RBOB remains the weakest member of the crude oil complex, with hefty supply and sluggish near-term demand as sources of pressure. Near-term resistance for June crude oil comes in at \$49.46, with support at \$48.74. Near-term resistance for June heating oil is at \$1.5415, and near-term resistance for June RBOB is at \$1.5900.

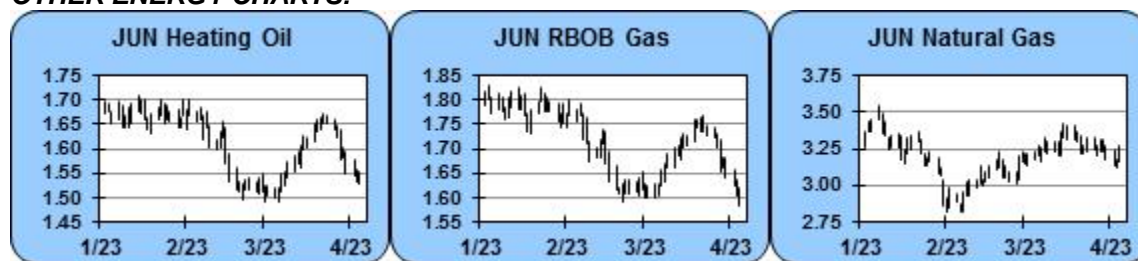
**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**OTHER ENERGY CHARTS:**



**ENERGY COMPLEX TECHNICAL OUTLOOK:**

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

**CRUDE OIL (JUN) 04/27/2017:** Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 48.14. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 49.86 and 50.66, while 1st support hits today at 48.60 and below there at 48.14.

**HEATING OIL (JUN) 04/27/2017:** Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's short-term trend is negative as the close remains below the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The

next downside objective is now at 151.58. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 154.57 and 155.97, while 1st support hits today at 152.37 and below there at 151.58.

RBOB GAS (JUN) 04/27/2017: 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 2nd swing support number puts the market on the defensive. The next downside objective is now at 155.61. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 160.23 and 162.98, while 1st support hits today at 156.55 and below there at 155.61.

NATURAL GAS (JUN) 04/27/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. A bullish signal was given with an upside crossover of the daily stochastics. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. A positive signal for trend short-term was given on a close over the 9-bar moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 3.359. The next area of resistance is around 3.323 and 3.359, while 1st support hits today at 3.205 and below there at 3.123.

## 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>										
CLAM7	49.23	30.00	35.98	32.11	16.53	49.41	50.97	51.62	51.39	52.18
CLAN7	49.57	32.91	38.03	33.08	19.08	49.85	51.36	51.99	51.72	52.50
HOAM7	153.47	26.48	34.80	33.81	16.54	1.55	1.59	1.60	1.58	1.61
HOAN7	154.19	26.45	34.59	33.59	16.31	1.55	1.60	1.61	1.59	1.61
RBAM7	158.39	19.84	27.94	26.27	10.76	1.62	1.67	1.70	1.68	1.71
RBAN7	158.61	19.94	28.17	27.02	11.01	1.62	1.67	1.69	1.68	1.70
NGAM7	3.264	54.49	53.38	27.00	28.74	3.20	3.23	3.27	3.16	3.17
NGAN7	3.345	55.24	54.10	28.89	30.28	3.28	3.31	3.34	3.23	3.24

Calculations based on previous session. Data collected 04/26/2017

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>						
CLAM7	Crude Oil	48.14	48.60	49.40	49.86	50.66
CLAN7	Crude Oil	48.50	48.95	49.73	50.18	50.96
HOAM7	Heating Oil	151.57	152.36	153.77	154.57	155.97
HOAN7	Heating Oil	152.27	153.07	154.50	155.30	156.73
RBAM7	RBOB Gas	155.60	156.54	159.29	160.23	162.98
RBAN7	RBOB Gas	155.95	156.84	159.48	160.37	163.01
NGAM7	Natural Gas	3.123	3.205	3.241	3.323	3.359
NGAN7	Natural Gas	3.211	3.289	3.322	3.400	3.433

Calculations based on previous session. Data collected 04/26/2017

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