



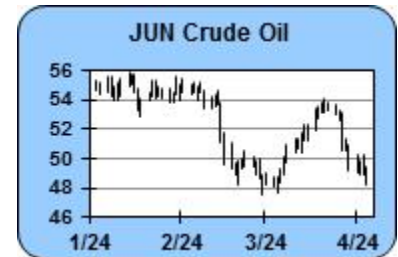
DAILY ENERGY COMPLEX COMMENTARY Friday April 28, 2017

DAILY ENERGY COMPLEX COMMENTARY 04/28/17

Weekly storage number keeping heavy pressure on energy complex

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CRUDE +43, HEATING OIL +99, UNLEADED GAS +259**

CRUDE OIL MARKET FUNDAMENTALS: Crude oil prices have survived a retest of their late March lows, but are likely to finish April with a sizable monthly loss. While energy markets remain on the defensive and while June crude oil was able to bounce well above its new 1-month low, they still finished Thursday's trading session with a sizable loss. The market is trying to be higher this morning but reports that the Libyan oil fields at Sharara and El Feel have come back on-line after recent disruptions and generally slack economic data overnight would seem to cast doubt on the early rally. While this additional production of 400,000 barrel per day (bpd) is a relative "drop in the barrel" for both OPEC and global crude oil production, it helped to underscore a burdensome world near-term supply situation. There was fresh talk that the cosigners of the Oil Producers Agreement are preparing to extend their output cuts for another 6 months. In spite of all their efforts, crude oil has been weighed down by US domestic supply that remains near historically high levels and US domestic production that continues to rise. US refineries processed a record-high amount of crude oil last week at over 17 million barrels per day but even with a third weekly EIA stocks draw in a row, US crude oil stocks are still above 520 million barrels. A still very large net spec long position (nearly 500,000 contracts in the latest COT report) is likely to fuel additional long liquidation in crude oil as well, which could come into play during today's month-end session.



PRODUCT MARKET FUNDAMENTALS: Both of the product markets remain under heavy pressure as both heating oil and RBOB finished Thursday with sizable losses and in the lower half of their daily trading ranges. RBOB remains the weakest member of the oil complex as last week's shockingly large stocks build has driven prices down to their lowest level since mid-November. Near-term gasoline demand remains lukewarm, but at least should pick up in several weeks with the start of the summer driving season. Heating oil has yet to retest its 5-month lows from late March, but is starting to go into a period of the year when distillate stocks tend to rise and demand tends to soften.

NATURAL GAS: The weekly natural gas storage report showed an injection of 74 bcf. Total storage stands at 2189 bcf or 15.8% above the 5 year average. Over the last four weeks natural gas storage has increased 140 bcf. June natural gas sold off after the release of the EIA inventory report on Thursday. The market found support at the \$3.200 level and clawed back some of the losses. The average estimate from analysts was looking for a gain of 72 bcf, while the five year average gain for this week is 57 bcf. Stockpiles are now 15.8% above the five year average, which is well supplied as we enter a shoulder season prior to the cooling demand period. Below normal temperatures are forecast for May 3rd through 8th in the Midwest and Northeast sections of the US. June natural gas recovered early losses but still closed down 0.98% on the day. The market also closed below the 100 day moving average at \$3.254 after closing above that level on Wednesday. The market continues to trade within a well-defined downtrend channel since making a high on April 5th. Retracement support is seen at \$3.191 followed by \$3.119.

EIA Natural Gas Storage Report Summary

In Billion Cubic Feet

Week Of	Week Change	Total Storage	Change From Last Year	4 Week Combined Weekly Change	Percent Change vs 5 Year Average	Percent Change vs 10 Year Average
4/21/2017	74	2189	-358	140	15.8%	26.0%

TODAY'S MARKET IDEAS:

Unless there is a turnaround in risk sentiment or fresh Oil Producer Agreement details early in the session, the release of updated Baker Hughes rig count data at midday (and what is likely to be a 15th straight weekly increase in the oil rig count) may send energy prices back to the downside to finish off this week's trading. Near-term resistance for June crude oil is at \$49.82 while support is at \$48.58. Near-term resistance for June heating oil is at \$1.5380 while near-term resistance for June RBOB is at \$1.5870.

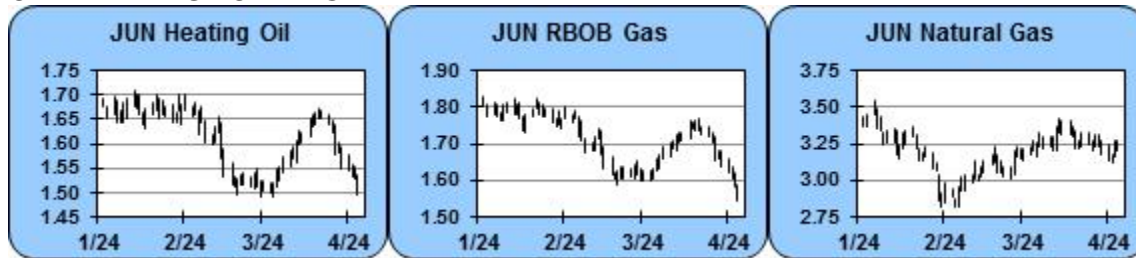
NEW RECOMMENDATIONS:

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) 04/28/2017: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 47.81. The next area of resistance is around 49.87 and 50.26, while 1st support hits today at 48.65 and below there at 47.81.

HEATING OIL (JUN) 04/28/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside objective is now at 147.52. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 154.01 and 156.03, while 1st support hits today at 149.75 and below there at 147.52.

RBOB GAS (JUN) 04/28/2017: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside target is now at 151.96. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 158.52 and 160.85, while 1st support hits today at 154.08 and below there at 151.96.

NATURAL GAS (JUN) 04/28/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market tilt is slightly negative with the close under the pivot. The

next upside target is 3.297. The next area of resistance is around 3.269 and 3.297, while 1st support hits today at 3.211 and below there at 3.180.

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										
CLAM7	49.26	30.40	36.21	28.18	18.62	49.42	50.53	51.54	51.29	52.10
CLAN7	49.60	30.16	36.04	28.26	18.61	49.76	50.88	51.89	51.61	52.41
HOAM7	151.88	21.63	30.66	27.80	14.65	1.54	1.57	1.60	1.58	1.60
HOAN7	152.58	21.64	30.49	27.50	14.24	1.54	1.58	1.61	1.59	1.61
RBAM7	156.30	16.33	24.49	21.36	9.85	1.60	1.65	1.69	1.68	1.70
RBAN7	156.71	17.36	25.68	22.49	11.77	1.60	1.65	1.69	1.67	1.70
NGAM7	3.240	50.41	50.89	28.85	32.57	3.21	3.23	3.27	3.17	3.17
NGAN7	3.320	51.04	51.54	30.59	34.00	3.29	3.31	3.34	3.24	3.24

Calculations based on previous session. Data collected 04/27/2017

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						
CLAM7	Crude Oil	47.80	48.64	49.03	49.87	50.26
CLAN7	Crude Oil	48.16	48.99	49.37	50.20	50.58
HOAM7	Heating Oil	147.51	149.75	151.77	154.01	156.03
HOAN7	Heating Oil	148.37	150.51	152.50	154.64	156.63
RBAM7	RBOB Gas	151.95	154.07	156.40	158.52	160.85
RBAN7	RBOB Gas	152.54	154.61	156.73	158.80	160.92
NGAM7	Natural Gas	3.179	3.210	3.238	3.269	3.297
NGAN7	Natural Gas	3.263	3.292	3.318	3.347	3.373

Calculations based on previous session. Data collected 04/27/2017

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