



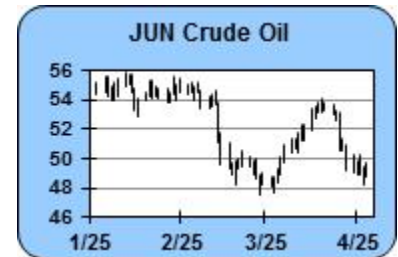
## DAILY ENERGY COMPLEX COMMENTARY Monday May 01, 2017

### DAILY ENERGY COMPLEX COMMENTARY 05/01/17

#### Ample US supply and production continues to pressure energy prices

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**CRUDE -24, HEATING OIL -100, UNLEADED GAS -83**

**CRUDE OIL MARKET FUNDAMENTALS:** The crude oil market is under moderate pressure this morning, and while it finished last week by rebounding more than \$1 above last Thursday's spike low, it needs to find fresh bullish supply news in order to sustain any recovery move. June crude oil continued its recent volatile price action on Friday by falling well below an early high before finishing with a moderate gain. June crude oil finished with a loss of 29 cents for the week, down 0.6%. This was the a second straight weekly decline. Russia reported that they were at 100% compliance with their Oil Producers Agreement output cuts, which lent some support, as it would appear to bode well for the chances of extending the agreement for another six months. While there are indications that there was 98% overall compliance with the cuts in March, a domestic US supply glut in crude oil and gasoline continued to weigh on prices and helped to drive the market down from its highs on Friday. The weekly Baker Hughes oil rig count rose by 9 to reach 697 total. This is the highest reading since April 2015, and it marked the fifteenth consecutive weekly increase. There have only been two weekly declines in the Baker Hughes oil rig count since the end of the second quarter last year. The latest Commitments of Traders report showed a moderate decline in crude oil's net spec long position, but at over 480,000 contracts it remains large enough to fuel long liquidation if risk sentiment turns negative once again. The report showed that as of April 25th, non-commercial traders were net long 456,693 contracts of crude oil, a decrease of 40,574 contracts on the week. Non-commercial and nonreportable traders combined held a net long position of 483,165 contracts, a decrease of 15,490.



**PRODUCT MARKET FUNDAMENTALS:** An abundant domestic near-term supply situation is likely to keep the product markets on the defensive until demand shows some clear improvement. RBOB and heating oil were within striking distance of new lows for the move on Friday, but they were able to regain some lost ground before finishing the day in negative territory. The EIA reported that gasoline demand in January and February fell from last year's levels was due in part to poor weather. It has also contributed to high stocks levels in front of the summer driving season. The Commitments of Traders Futures and Options report as of April 25th for gasoline (RBOB) showed non-commercial traders were net long 51,830 contracts, a decrease of 4,661 contracts on the week. Non-commercial and nonreportable traders combined held a net long position of 56,541, decrease of 8,546 contracts. For heating oil, showed non-commercial traders were net long 31,404 contracts, a decrease of 2,200. Non-commercial and nonreportable traders combined held a net long position of 40,923, a decrease of 9,890.

**NATURAL GAS:** Natural gas price are grinding out modest early gains this morning, but they remain near the top end of their recent recovery move. June natural gas rose to a new weekly high on Friday before finishing the session with a moderate gain. For the week, June natural gas finished with a gain of 0.084 (up 2.6%) and a weekly reversal from a 5-week low. While domestic production has improved early this year, it remains near its lowest level in three years. Upcoming LNG exports from the US could be given a boost from a decision by the Australian government to restrict their own LNG exports. The 6-10 day forecast is calling for below-normal temperatures east of the Mississippi, which may provide some late heating demand as well. Natural gas prices are likely to have a bumpy ride this week if risk sentiment is sluggish. However, the trend towards lower US production should provide the market with underlying support, and the shift towards cooler weather in weather for

the eastern US may help to lift prices as well. Near-term support for June natural gas is at \$3.210, while resistance is at \$3.325. The Commitments of Traders Futures and Options report as of April 25th for natural gas showed non-commercial traders were short position of 2,898 contracts, an increase of 6,502 contracts for the week and a switch from a net long to net short position. Non-commercial and nonreportable traders combined held a net long position of 26,956 contracts, a decrease of 10,447. Commercial traders are net short 26,956 and non-reportable traders (small specs) are net long 29.854. This is a classic bearish setup for the Commitments of Traders, as small specs are the only group of the three that are net long and could be forced to liquidate if the market starts to head lower.

**TODAY'S MARKET IDEAS:**

Crude oil should stay well clear of last Thursday's spike low, but for now, abundant domestic supply and production are holding the upper hand over the output cuts from the Oil Producers Agreement. Risk sentiment may be improving, but crude oil may need fresh signs of an Oil Producers Agreement extension to turn back to the upside. Heating oil and RBOB are in worse shape chartwise, but they may have the most to gain if risk sentiment improves. Near-term resistance for June crude oil is at \$49.76, while support is at \$48.58. Near-term resistance for June heating oil is at \$1.5225, and near-term resistance for June RBOB is at \$1.5570.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

Commitment of Traders - Futures and Options - 4/18/2017 - 4/25/2017						
	Non-Commercial		Commercial	Non-Reportable		
	Net Position	Weekly Net Change		Weekly Net Change	Net Position	Weekly Net Change
<b>Energies</b>						
Crude Oil	456,693	-40,574	-483,165	+15,491	26,472	+25,084
Heating Oil	31,404	-2,200	-40,923	+9,890	9,519	-7,690
Natural Gas	-2,898	-6,502	-26,956	+10,447	29,854	-3,945
Gas (RBOB)	51,830	-4,661	-56,541	+8,546	4,711	-3,885

**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) 05/01/2017: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside objective is 48.27. The next area of resistance is around 49.66 and 50.19, while 1st support hits today at 48.70 and below there at 48.27.

HEATING OIL (JUN) 05/01/2017: Momentum studies are declining, but have fallen to oversold levels. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market's close below the pivot swing number is a mildly negative setup. The next downside target is now at 147.75. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 151.98 and 153.95, while 1st support hits today at 148.88 and below there at 147.75.

RBOB GAS (JUN) 05/01/2017: 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. A negative signal was given by the outside day down. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is 150.26. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 156.50 and 160.11, while 1st support hits today at 151.58 and below there at 150.26.

NATURAL GAS (JUN) 05/01/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 3.335. The next area of resistance is around 3.303 and 3.335, while 1st support hits today at 3.235 and below there at 3.198.

## 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	49.18	31.96	36.74	23.96	16.71	49.33	50.07	51.44	51.15	51.99
CLAN7	49.47	30.96	36.12	23.90	16.37	49.66	50.41	51.78	51.48	52.31
HOAM7	150.43	20.35	29.50	22.23	11.08	1.53	1.56	1.60	1.58	1.60
HOAN7	151.24	21.03	29.94	22.13	11.41	1.53	1.57	1.61	1.59	1.61
RBAM7	154.04	14.99	23.08	16.35	6.33	1.58	1.63	1.68	1.67	1.70
RBAN7	154.53	15.09	23.31	16.78	6.50	1.58	1.63	1.68	1.67	1.69
NGAM7	3.269	54.03	53.09	32.76	40.65	3.24	3.23	3.27	3.18	3.17
NGAN7	3.346	55.25	54.12	34.67	42.82	3.32	3.31	3.35	3.25	3.24

Calculations based on previous session. Data collected 04/28/2017

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	48.27	48.70	49.23	49.66	50.19
CLAN7	Crude Oil	48.56	48.98	49.53	49.95	50.50
HOAM7	Heating Oil	147.75	148.88	150.85	151.98	153.95
HOAN7	Heating Oil	148.65	149.75	151.63	152.73	154.61
RBAM7	RBOB Gas	150.25	151.57	155.18	156.50	160.11
RBAN7	RBOB Gas	150.94	152.20	155.60	156.86	160.26
NGAM7	Natural Gas	3.197	3.234	3.266	3.303	3.335
NGAN7	Natural Gas	3.280	3.314	3.344	3.378	3.408

Calculations based on previous session. Data collected 04/28/2017

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.