



## DAILY ENERGY COMPLEX COMMENTARY

Tuesday May 02, 2017

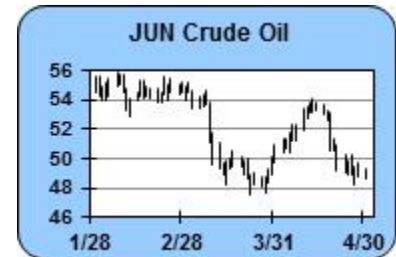
### DAILY ENERGY COMPLEX COMMENTARY

05/02/17

#### Mild rebound in front of weekly stocks numbers

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**CRUDE +42, HEATING OIL +212, UNLEADED GAS +239**

**CRUDE OIL MARKET FUNDAMENTALS:** Crude oil rebounded from losses overnight, due in part to a modest downtick in Russian production last month, but the market remains near the bottom end of its recent down move. Energy prices continue to find pressure by ample US supply, but they are also getting little help from a lack of progress towards extending the output cuts made by major producing nations. June crude oil had a mildly positive start to the week on Monday but then fell back on the defensive and finished the day with its lowest close since March 27th. Weak economic numbers out of China and the US may have dampened risk sentiment, but near-term supply remains the main source of pressure for the energy complex. Comments by several officials over the weekend may have strengthened the case that the Oil Producers Agreement will be extended beyond June. However, there were some reports that an extension may be less than 6 months in duration which added to the headwinds on crude oil prices. In addition, indications that Libyan oil production has climbed back above 750,000 barrels per day (bpd) also weighed on crude oil prices. While Libya is exempt from the Oil Producers agreement, their output has reached the highest levels since late 2014 and is having a significant impact on near-term supply in the region. Saudi Arabia is ramping up their export terminal capacity by another 3.5 million bpd (rising to 15 million bpd) by the middle of 2018, which indicates that the current output cuts may not be a longer-term situation for the market.



**PRODUCT MARKET FUNDAMENTALS:** While heating oil and RBOB have rebounded early today, lukewarm demand continues to weigh on prices. Both markets reached new lows for their moves yesterday before finishing with significant losses. The latest EIA report showed that US refineries ran at 94.1% capacity the previous week, which was well above last year and the levels seen earlier this year. The summer driving season will begin in a few weeks which should provide a demand side boost, but domestic gasoline stocks remain at relatively high levels. Given that US crude oil production will continue to increase, neither product market may receive much lasting benefit for prices.

**NATURAL GAS:** June natural gas made an early high yesterday and failed at retracement resistance level of \$3.311. Below normal temperatures in the eastern half of the country out through May 15th could provide some minor residual heating demand, but the market is well supplied with production most likely to increase. June natural gas put in a bearish outside day lower close on Monday with the market closing below the 100 day moving average at \$3.252. The market settled at \$3.215 which is the lowest close since April 25th. The slow stochastics are stalling and are looking to roll over, with the next level of support at the 50 day moving average at \$3.157 followed by retracement support at \$3.123.

#### TODAY'S MARKET IDEAS:

Given the turbulence created by last week's stock releases, there is likely to be some short-covering during today's session in front of the key private survey released after the close. Unless major oil producing nations can come to a consensus on an extension to their output cut agreement, however, crude oil and the products will have trouble sustaining their early upside momentum. Near-term resistance for June crude oil is at \$49.50 while

support is at \$48.35. Near-term resistance for June heating oil is at \$1.5160, and near-term resistance for June RBOB is at \$1.5710.

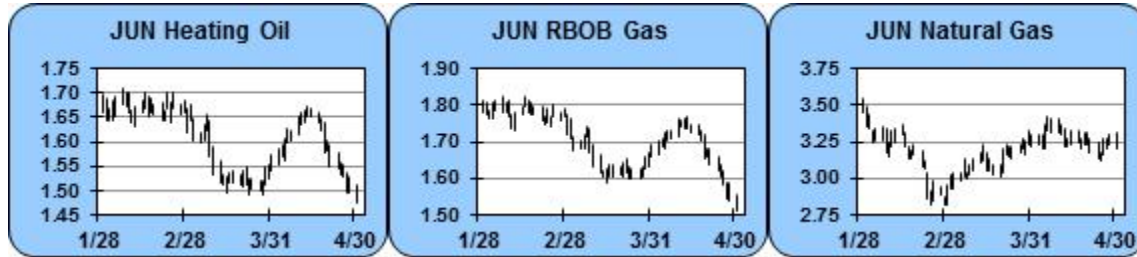
**NEW RECOMMENDATIONS:**

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) 05/02/2017:** Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 48.13. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 49.12 and 49.58, while 1st support hits today at 48.40 and below there at 48.13.

**HEATING OIL (JUN) 05/02/2017:** 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's close below the 1st swing support number suggests a moderately negative setup for today. The next downside objective is now at 145.64. The 9-day RSI under 20 suggests the market is extremely oversold. The next area of resistance is around 150.47 and 152.49, while 1st support hits today at 147.05 and below there at 145.64.

**RBOB GAS (JUN) 05/02/2017:** 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 148.97. With a reading under 20, the 9-day RSI indicates the market is extremely oversold. The next area of resistance is around 154.60 and 157.06, while 1st support hits today at 150.56 and below there at 148.97.

**NATURAL GAS (JUN) 05/02/2017:** Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The outside day down is a negative signal. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside target is 3.356. The next area of resistance is around 3.284 and 3.356, while 1st support hits today at 3.170 and below there at 3.127.

**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	48.76	29.95	35.04	21.09	14.76	49.17	49.63	51.30	51.03	51.89

CLAN7	49.08	29.28	34.61	20.93	14.39	49.49	49.97	51.63	51.36	52.20
HOAM7	148.76	17.62	26.94	18.07	9.36	1.51	1.54	1.59	1.57	1.60
HOAN7	149.48	17.65	26.81	17.74	8.95	1.52	1.55	1.60	1.58	1.61
RBAM7	152.58	13.59	21.63	13.32	6.42	1.56	1.61	1.67	1.67	1.69
RBAN7	153.14	13.77	21.94	13.71	6.70	1.56	1.61	1.67	1.66	1.69
NGAM7	3.227	48.27	49.60	36.46	43.28	3.25	3.23	3.26	3.18	3.17
NGAN7	3.305	48.43	49.96	37.90	44.36	3.33	3.31	3.34	3.25	3.24

Calculations based on previous session. Data collected 05/01/2017

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	48.12	48.39	48.85	49.12	49.58
CLAN7	Crude Oil	48.44	48.72	49.16	49.44	49.88
HOAM7	Heating Oil	145.63	147.04	149.06	150.47	152.49
HOAN7	Heating Oil	146.53	147.84	149.81	151.12	153.09
RBAM7	RBOB Gas	148.96	150.55	153.01	154.60	157.06
RBAN7	RBOB Gas	149.78	151.27	153.52	155.01	157.26
NGAM7	Natural Gas	3.126	3.169	3.241	3.284	3.356
NGAN7	Natural Gas	3.210	3.251	3.317	3.358	3.424

Calculations based on previous session. Data collected 05/01/2017

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