



DAILY ENERGY COMPLEX COMMENTARY

Friday June 09, 2017

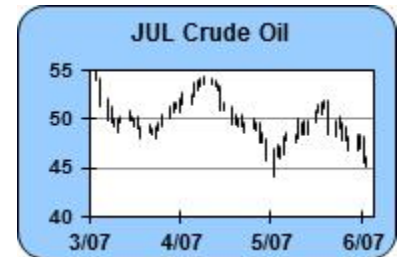
DAILY ENERGY COMPLEX COMMENTARY

06/09/17

The bear remains in control

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CRUDE +15, HEATING OIL +66, UNLEADED GAS +43

CRUDE OIL MARKET FUNDAMENTALS: With yet another aggressive range down probe in energy prices yesterday, the energy markets appear to have achieved an even higher level of oversold positioning. An issue that clearly helped moderate bearish psychology in the energy complex yesterday and an issue that helped to pull prices up from the initial lows Thursday was seen in the wake of news of an expansion of Chinese imports/exports, as that hints at forward motion in that key energy demand market. However, a more important bullish development from China yesterday was seen from revelations that Chinese May crude oil imports registered the second highest monthly tally ever! Other Chinese-centric supportive developments from the prior session's trade came from China's crude oil production decline of 6.8% in the first quarter, news that Chinese crude steel production increased by 4.5%, news that Chinese import volume of crude oil rose by 15% in the first quarter over year ago values and somewhat favorable Chinese prices measure data released overnight. However, the promise of extra demand from China might not be enough alone to alter bearish US supply-side fears stemming from this week's inventory data and from talk that certain producers might not be complying with their production cut promises. While there were renewed port restrictions for Qatari oil tankers in the UAE and that might rekindle the potential for fresh Arab/Middle East geopolitical uncertainties the markets are facing bearish Dollar action and generally vulnerable charts. The bulls have to hope that new all-time highs in US equity market measures provides some offset to bearish US supply side developments.



PRODUCT MARKET FUNDAMENTALS: Like crude oil, the gasoline market made a bad technical trade in the prior session but has also forged fresh technical damage this morning. With the market drafting little support from news that Amsterdam Rotterdam and Antwerp (ARA) gas oil, gasoline, Jet Fuel and Naphtha stocks declining for the week the bear camp is clearly in control off the fear of rising US gasoline stocks and surprisingly disappointing implied demand figures from this week's reports. It is also likely that gasoline is feeling some pressure from sagging macroeconomic sentiment in the wake of the geopolitical circus unfolding in the UK and Washington. At least at this juncture, it is difficult to rule out further declines and at least a further venture toward the early May lows. In order to stop the erosion in prices quickly probably requires a US refinery glitch, a return to a definitive risk on vibe and or a sudden heightening of Middle East tensions.

NATURAL GAS: The weekly natural gas storage report showed an injection of 106 bcf versus analyst's estimates of 99 bcf increase. The last time inventories rose by 100 bcf or more was in September 2015. Total storage stands at 2,631 bcf or 9.9% above the 5 year average. Over the last four weeks, natural gas storage has increased 330 bcf. The market saw an active two sided trade yesterday before closing with a small gain. Cooling demand should increase over the next ten days as temperatures are forecasted to be well above normal from Texas to Maine from June 11th-17th. July natural gas seems to have found support against the \$3.000 level recently. The market has closed well within reach of this level in each of the last six sessions. The market remains oversold, but needs a catalyst if momentum is going to shift back to the bull camp. The upcoming heat wave might not be enough especially with crude oil still searching for a low. Resistance levels remain at \$3.133 to \$3.200 with support at \$2.888.

TODAY'S MARKET IDEAS:

While the July crude oil contract managed to reject some of the significant losses in the prior trading session, one can hardly call the current chart structure optimistic. In fact unless there is a definitive supply-side wrinkle and a quick improvement in global energy demand prospects, a lower low for the week should be expected. Critical resistance in the July crude oil contract today is seen at \$46.11 and obviously initial support is seen at the prior sessions low \$45.20.

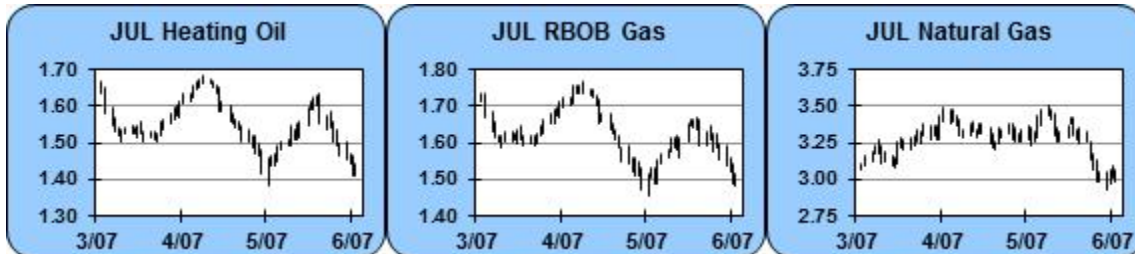
NEW RECOMMENDATIONS:

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 (JUL) 06/09/2017: Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 44.70. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 46.16 and 46.66, while 1st support hits today at 45.18 and below there at 44.70.

HEATING OIL (JUL) 06/09/2017: 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 139.34. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 143.83 and 145.47, while 1st support hits today at 140.77 and below there at 139.34.

RBOB GAS (JUL) 06/09/2017: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is 146.47. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 150.56 and 152.64, while 1st support hits today at 147.48 and below there at 146.47.

NATURAL GAS (JUL) 06/09/2017: Rising from oversold levels, daily momentum studies would support higher prices, especially on a close above resistance. The close below the 9-day moving average is a negative short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 3.120. The next area of resistance is around 3.082 and 3.120, while 1st support hits today at 2.993 and below there at 2.941.

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										
CLAN7	45.67	29.02	33.86	25.70	13.59	46.75	47.86	48.97	49.71	49.77
CLAQ7	45.91	28.83	33.67	25.07	13.04	46.95	48.09	49.22	49.97	50.03
HOAN7	142.30	26.42	32.04	22.08	10.31	1.44	1.49	1.53	1.54	1.54
HOAQ7	143.06	25.64	31.56	22.13	10.04	1.45	1.50	1.54	1.55	1.55
RBAN7	149.02	27.20	32.88	29.31	12.95	1.52	1.57	1.60	1.61	1.62
RBAQ7	148.19	26.21	32.22	27.85	12.34	1.51	1.56	1.59	1.60	1.61
NGAN7	3.038	35.43	37.82	13.87	16.30	3.02	3.07	3.20	3.28	3.28
NGAQ7	3.070	34.03	36.94	13.23	14.88	3.06	3.11	3.24	3.32	3.31

Calculations based on previous session. Data collected 06/08/2017

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						
CLAN7	Crude Oil	44.70	45.18	45.68	46.16	46.66
CLAQ7	Crude Oil	44.99	45.44	45.93	46.38	46.87
HOAN7	Heating Oil	139.33	140.76	142.40	143.83	145.47
HOAQ7	Heating Oil	140.21	141.55	143.22	144.56	146.23
RBAN7	RBOB Gas	146.46	147.47	149.55	150.56	152.64
RBAQ7	RBOB Gas	145.76	146.69	148.77	149.70	151.78
NGAN7	Natural Gas	2.940	2.993	3.030	3.082	3.120
NGAQ7	Natural Gas	2.975	3.027	3.061	3.113	3.147

Calculations based on previous session. Data collected 06/08/2017

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