



## DAILY ENERGY COMPLEX COMMENTARY

Tuesday March 14, 2017

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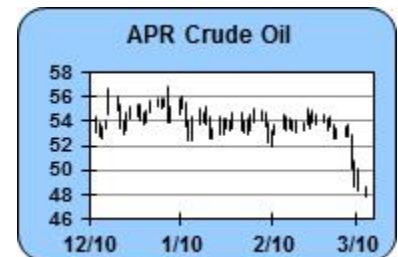
03/14/17

**Mild recovery this morning; upside limited in front of weekly stocks readings**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**CRUDE +33, HEATING OIL +56, UNLEADED GAS +100**

**CRUDE OIL MARKET FUNDAMENTALS:** Crude oil has been able to show some resiliency early this week, but it may need additional bullish supply news and stronger risk sentiment to really put the brakes on the recent downdraft.

Crude oil prices were on the defensive Monday, and while they only finished the day with a modest loss, with today's early recovery they remain more than \$4.40 below a week ago. There was some mild support from news that Libyan oil exports may be cut due to difficulties at two of their terminals. However, a combination of record-high US crude oil supply and an increasing Baker Hughes drilling rig count continues to weigh on the crude oil complex. There are early forecasts for yet another build in weekly crude oil stocks. This would be the tenth week in a row and would drive storage further into multi-decade high levels. An executive with a major Russian energy firm stated that increased US shale production could cause the Oil Producers Agreement to not be extended beyond June. Most of those nations cannot be pleased with the trajectory of crude oil prices since their agreement was ratified, and several participants may be ready to open up their spigots before June.



**PRODUCT MARKET FUNDAMENTALS:** Even with today's moderate recovery, both heating oil and RBOB remain on the defensive this week, as abundant crude oil stocks continue to be a major source of pressure. This was most notable in the selloff in RBOB prices on Monday despite last week's large draw in gasoline stocks. On the other hand, winter weather over the Midwest and Northeast US has helped heating oil rebound from a 3 1/2 month low. Distillates and gasoline are expected to see weekly draws in this week's EIA stocks report, but RBOB may need another sharp draw to find its footing in the face of rising crude supplies.

**NATURAL GAS:** April natural gas is finding mild support this morning, but it has yet to retest Monday's high of \$3.089, its highest price level since February 15th and just above its 200-day moving average. A winter storm bearing down on the Eastern Seaboard have helped support natural gas prices, as there is clear potential for heating fuel demand to surge. The system could dump as much as 20 inches of snow a region from in Connecticut to New York City. While the late winter cold blast could continue through March 27th for the Northeast US, the rest of the country showing normal to above normal temperatures. Natural gas inventories stood at 2,295 bcf as of March 3rd, which was 19% above the five year average and the end of the heating season coming. The slow stochastics are in overbought territory, and a pullback to \$2.914 to \$2.862 zone is possible. The unwinding of long crude oil/short natural gas positions seems to have slowed and could have run its course.

#### **TODAY'S MARKET IDEAS:**

Crude oil and the products may be able to extend today's recovery move, but any strong upside extension could be difficult in front of tomorrow's EIA stocks report, given the recent tendency for large crude oil builds. Near-term support for April crude oil is seen at \$48.26, with critical pivot points at \$47.85, \$47.71 and \$47.34. To reverse the downside bias, it would probably require a close back above \$49.40. Near-term support for April RBOB comes in \$1.5790, while support for April heating oil is at the \$1.5000 level.

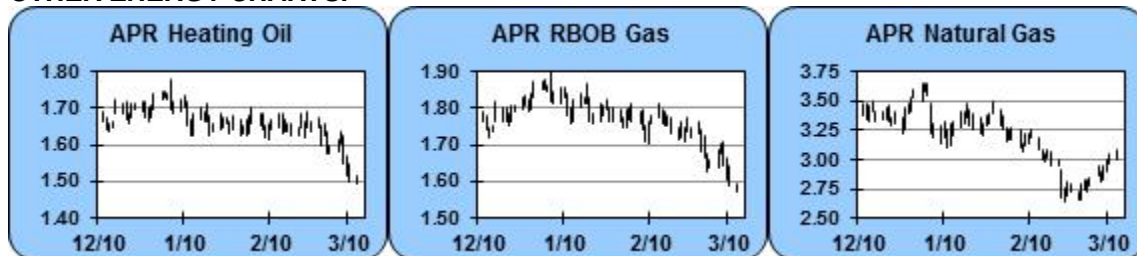
### NEW RECOMMENDATIONS:

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 (APR) 03/14/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The next downside target is now at 47.55. Selling may soon dry up since the RSI is under 20 indicating the market is extremely oversold. The next area of resistance is around 48.76 and 49.11, while 1st support hits today at 47.98 and below there at 47.55.

HEATING OIL (APR) 03/14/2017: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 148.08. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 151.16 and 152.51, while 1st support hits today at 148.94 and below there at 148.08.

RBOB GAS (APR) 03/14/2017: 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 tilt is slightly negative with the close under the pivot. The next downside objective is now at 156.24. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 159.15 and 160.33, while 1st support hits today at 157.11 and below there at 156.24.

NATURAL GAS (APR) 03/14/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside objective is 3.124. The next area of resistance is around 3.060 and 3.124, while 1st support hits today at 2.962 and below there at 2.927.

### 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>										
CLAJ7	48.37	17.36	25.34	17.08	8.33	49.11	51.39	52.67	53.31	53.67
CLAK7	48.92	17.36	25.26	17.74	8.78	49.66	51.90	53.10	53.83	54.21
HOAJ7	150.05	21.85	28.34	13.77	6.82	1.52	1.57	1.61	1.64	1.65
HOAK7	150.65	21.09	27.75	13.64	6.57	1.53	1.58	1.62	1.65	1.66
RBAJ7	158.13	21.14	27.05	16.22	9.87	1.61	1.64	1.69	1.75	1.77
RBAK7	160.27	20.35	26.49	15.27	8.88	1.63	1.67	1.72	1.76	1.78

NGAJ7	3.011	60.82	53.28	59.07	73.80	2.97	2.89	2.86	3.09	3.17
NGAK7	3.071	59.57	52.74	59.79	73.55	3.04	2.98	2.94	3.14	3.20

**Calculations based on previous session. Data collected 03/13/2017**

**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>						
CLAJ7	Crude Oil	47.55	47.98	48.33	48.76	49.11
CLAK7	Crude Oil	48.08	48.52	48.88	49.32	49.68
HOAJ7	Heating Oil	148.07	148.94	150.29	151.16	152.51
HOAK7	Heating Oil	148.78	149.55	150.98	151.75	153.18
RBAJ7	RBOB Gas	156.23	157.10	158.28	159.15	160.33
RBAK7	RBOB Gas	158.58	159.36	160.39	161.17	162.20
NGAJ7	Natural Gas	2.926	2.961	3.025	3.060	3.124
NGAK7	Natural Gas	2.991	3.023	3.086	3.118	3.181

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