



DAILY ENERGY COMPLEX COMMENTARY

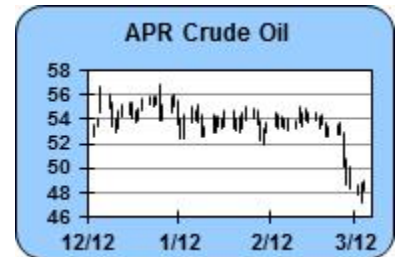
Thursday March 16, 2017

DAILY ENERGY COMPLEX COMMENTARY

03/16/17

Upside follow-through after EIA stocks draw and FOMC meeting results

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CRUDE +31, HEATING OIL +65, UNLEADED GAS +172



CRUDE OIL MARKET FUNDAMENTALS: Crude oil's abrupt change of fortune may have shifted the near-term trend to the upside, but there are longer-term supply issues to deal with before the market will be able to sustain an extended recovery move. May crude oil finished Wednesday's trading with a sizable gain after what was a volatile 24 hours of trading. The EIA reported a decline of 237,000 barrels in weekly crude oil stocks, along with higher than expected draws for both distillates and gasoline. However, the EIA also showed US crude oil production climbing above 9.1 million barrels per day and crude oil stocks at Cushing, Oklahoma more than 1.5 million barrels above estimates. The market was able to find support from reports of a fire at an oil sands facility in Alberta, Canada that took their operations mostly off-line. Crude oil and the products initially fell back below their morning highs, but then all three markets regained upside momentum in the wake of the Dollar's post-FOMC meeting nosedive. The International Energy Agency (IEA) forecast that global demand would exceed supply by the middle of this year as long as OPEC nations maintain their production cuts from the Oil Producers Agreement. The IEA forecast may have carried more weight with the market if it had not followed comments from Russian officials indicating that the Oil Producers Agreement would not be extended past June if US shale oil production continued to grow.

PRODUCT MARKET FUNDAMENTALS: The product markets had mixed fortunes on Wednesday as heating oil mirrored the strength in crude oil, while RBOB finished a volatile session with only a minimal gain. Both distillates and gasoline had weekly draws that were much larger than market expectations. Heating oil has the advantage of updated weather forecasts calling for colder temperatures over the Northeast US through the end of March that could provide a demand boost at the tail end of the North American heating season. While the Department of Transportation stated that US driving during January rose by more than 2%, the recent shift towards colder weather could end up cutting back on driving miles for the rest of this month.

Weekly EIA Petroleum Report					In Million Barrels		
CRUDE OIL	Stocks				Imports	Refinery Capacity(%)	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
3/10/2017	528.156	-0.237	35.996	387.249	7.405	85.1	89
DISTILLATES	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
3/10/2017	157.303	-4.229	-4.04	130.883	0.079	4.409	3.87
GASOLINE	Stocks				Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
3/10/2017	246.279	-3.055	-3.437	231.431	0.572	9.254	9.458

NATURAL GAS: The market was able to find its footing on Wednesday, with April natural gas gaining more than 1.2% as weather forecasts remained cold for the Northeast US through the end of March. Natural gas stockpiles most likely declined less than normal last week, as mild weather limited demand. Estimates have inventories falling 56 bcf for the week ending March 10th versus the five year average showing an 85 bcf draw. Still, the recent return of frigid conditions in the Northeast US and the latest National Weather Service 8-14 day forecast showing below-normal temperatures in the Northeast US through March 29th could accelerate supply declines ahead of rising temperatures at the beginning of April. The managed money traders still have a net long position of 87,670 contracts as of March 7th, and this could keep rallies in check as momentum still seems to have shifted to the bear camp. Look for the market to test the 50% Fibonacci retracement of \$2.865 and possibly the 61.8% retracement at \$2.812 over the near term.

TODAY'S MARKET IDEAS:

While the EIA stocks report did produce the first crude oil stocks draw in 10 weeks, keep in mind that this latest reading was still the second highest crude oil stocks total since records began in 1982. Although risk appetites have been given a boost by the FOMC meeting and Dutch election results, much more work needs to be done to relieve market concerns about oversupply both at home and abroad. May crude oil's more than \$2.00 rebound from Tuesday's spike low should help to turn the near-term trend higher, but a still hefty spec net long position will make it difficult to extend this recovery move over the rest of this week. Near-term support for May crude oil is at \$49.25 with resistance at \$50.25. Near-term support for May heating oil is at \$1.5190 while near-term support for May RBOB is at \$1.6090.

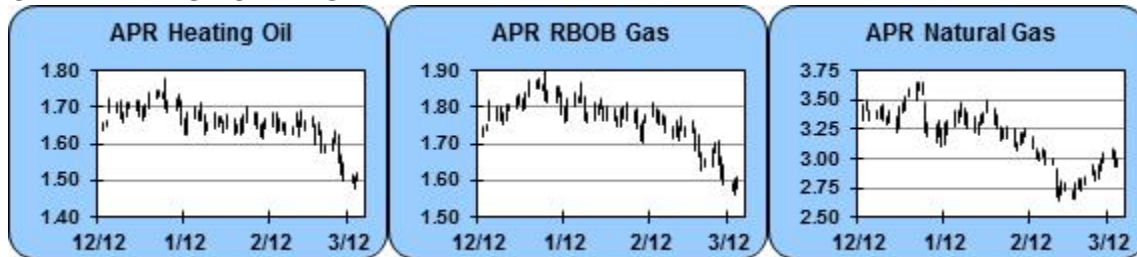
NEW RECOMMENDATIONS:

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 (MAY) 03/16/2017: 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. A positive setup occurred with the close over the 1st swing resistance. The next downside target is 48.52. The next area of resistance is around 49.84 and 50.11, while 1st support hits today at 49.05 and below there at 48.52.

HEATING OIL (MAY) 03/16/2017: Daily stochastics are trending lower but have declined into oversold territory. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The market setup is supportive for early gains with the close over the 1st swing resistance. The next downside objective is 150.02. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 153.09 and 153.93, while 1st support hits today at 151.13 and below there at 150.02.

RBOB GAS (MAY) 03/16/2017: 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. The close over the pivot swing

is a somewhat positive setup. The next downside objective is now at 158.07. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 162.36 and 164.14, while 1st support hits today at 159.32 and below there at 158.07.

NATURAL GAS (MAY) 03/16/2017: Momentum studies are trending higher but have entered overbought levels. 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 near-term upside target is at 3.102. The next area of resistance is around 3.063 and 3.102, while 1st support hits today at 2.986 and below there at 2.947.

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										
CLAK7	49.45	30.42	32.72	14.59	14.33	48.94	50.84	52.53	53.54	54.03
CLAM7	49.85	29.94	32.35	14.88	14.37	49.38	51.25	52.87	53.95	54.45
HOAK7	152.11	29.59	32.50	10.87	10.15	1.51	1.55	1.60	1.64	1.66
HOAM7	152.76	28.77	31.88	10.81	9.84	1.52	1.56	1.61	1.65	1.67
RBAK7	160.84	21.34	27.01	11.97	9.56	1.61	1.65	1.70	1.75	1.78
RBAM7	161.68	21.45	27.05	11.70	9.34	1.61	1.66	1.71	1.76	1.78
NGAK7	3.025	53.76	50.39	67.00	72.21	3.05	3.01	2.94	3.13	3.19
NGAM7	3.088	52.74	49.83	66.86	70.34	3.12	3.08	3.01	3.19	3.24

Calculations based on previous session. Data collected 03/15/2017

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						
CLAK7	Crude Oil	48.51	49.05	49.31	49.84	50.11
CLAM7	Crude Oil	49.00	49.48	49.73	50.21	50.46
HOAK7	Heating Oil	150.01	151.13	151.97	153.09	153.93
HOAM7	Heating Oil	150.72	151.78	152.68	153.74	154.64
RBAK7	RBOB Gas	158.06	159.32	161.10	162.36	164.14
RBAM7	RBOB Gas	159.09	160.28	161.88	163.08	164.69
NGAK7	Natural Gas	2.946	2.985	3.024	3.063	3.102
NGAM7	Natural Gas	3.016	3.051	3.089	3.124	3.162

Calculations based on previous session. Data collected 03/15/2017

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