



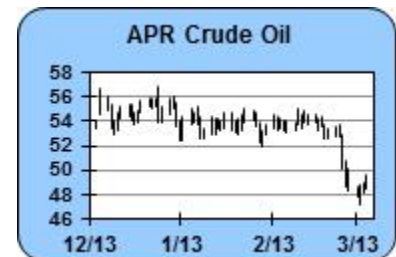
## DAILY ENERGY COMPLEX COMMENTARY Friday March 17, 2017

### DAILY ENERGY COMPLEX COMMENTARY 03/17/17

#### The bear camp looks to have marginal control

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
CRUDE +30, HEATING OIL +78, UNLEADED GAS +89**

**CRUDE OIL MARKET FUNDAMENTALS:** Crude oil's rebound appears to have run out of steam as one (albeit surprising) weekly US stocks draw is not going to materially change what is still a generally bearish supply outlook. Despite their first decline in 10 weeks, EIA crude oil stocks remain just below their highest level since records began in 1982, while domestic crude oil production is back above 9.1 million barrels per day and the Baker Hughes drilling rig count has risen back above the 600 level. While Saudi Arabia has been doing its part with cutting their output in compliance with the Oil Producers Agreement, other co-signers have been rather lax in trying to reduce their output. While the trade is being presented with news that some measures of world oil supply are tightening there are also signs that Asia is choking under a mountain of supply and that might control prices for the bear camp. Furthermore with other non-participant nations trying to ramp up their production, it will remain difficult at best to offset the rising tide of US crude production. Another factor facing crude oil going into the final trading session of the week will be the latest COT report released after today's close. While Crude oil prices fell by over \$5.00 between measuring dates which implies a hefty reduction in its net spec long position, the spec and fund long should remain large enough to fuel ongoing long liquidation if risk sentiment shifts negative going into the weekend.



**PRODUCT MARKET FUNDAMENTALS:** Both RBOB and heating oil found it difficult to hold their ground when crude oil prices turned negative on Thursday, and that does not bode well for the final trading session of the week. In addition, the product markets found additional pressure from news that gasoline and gas oil stocks at the Amsterdam-Rotterdam-Antwerp (ARA) hub rose in their latest weekly reading. While gasoline and distillates stocks have drawn down over the past four weeks, it is difficult for heating oil and RBOB to overcome the combination of record high US crude oil supplies and rising US production, which could put both product markets on the defensive going into the weekend.

**NATURAL GAS:** Natural gas fell 2.7% on Thursday trading down to \$2.888, its lowest level since March 8th. Stockpiles fell 53 bcf to 2,242 bcf last week versus the five year average draw of 85 bcf for this period. Analyst estimates were looking for a draw of 57 bcf for this week. Inventories now stand 21% above the five year average. Over the last four weeks, natural gas storage has declined 203 bcf. Russia's Gazprom saw their natural gas exports to Europe this year rise more than 17% higher than last year's comparable levels and that should be supportive to prices. The 8-14 day forecast for March 24th-30th continues to show below normal temperatures confined to the Northeast part of the country, with normal to above normal temperatures throughout the rest of the US. April natural gas has been down three of the last four days as momentum has shifted back to the bear camp. Stochastics crossed over to the downside yesterday giving the market a sell signal. Today's COT data should show the managed money traders have decreased their length, but still remain long an estimated 60,000 contracts. Look for the market to test the 50% Fibonacci retracement of \$2.865 and eventually the 61.8% retracement at \$2.812.

## EIA Natural Gas Storage Report Summary

### In Billion Cubic Feet

Week Of	Week Change	Total Storage	Change From Last Year	4 Week Combined Weekly Change	Percent Change vs 5 Year Average	Percent Change vs 10 Year Average
3/10/2017	-53	2242	-236	-203	21.4%	30.4%

### TODAY'S MARKET IDEAS:

As things stand, May crude oil is on track for a weekly reversal from a 3 1/2 month low (and low for 2017), so the market does have some technical support to start today. However, if the market is showing weakness late in the day, the market may be vulnerable to significant long liquidation going into the weekend because of the positioning report. In fact abundant Asian supply will also continue to cast a long shadow across the crude oil complex, and may require some more stringent enforcement (outside of the Saudis) of Oil Producer Agreement output cut in order for energy prices to sustain an upside move. Near-term support for May crude oil is at \$48.45 with resistance at \$50.14. Near-term support for May heating oil is at \$1.5025 while close-in support for May RBOB is at \$1.5960.

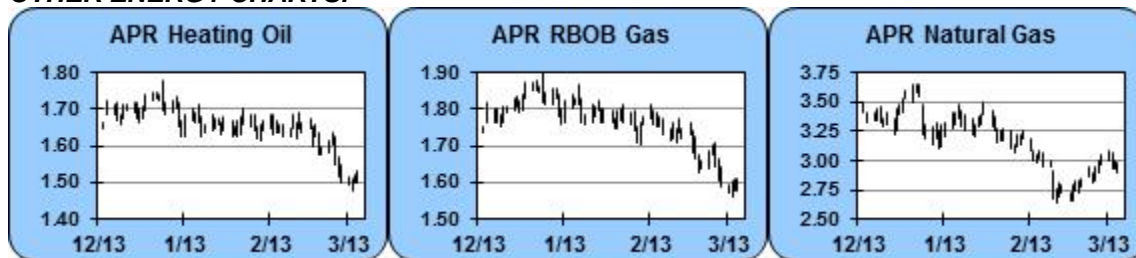
### NEW RECOMMENDATIONS:

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) 03/17/2017:** The daily stochastics have crossed over up which is a bullish indication. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The close below the 9-day moving average is a negative short-term indicator for trend. The downside closing price reversal on the daily chart is somewhat negative. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 50.57. The 9-day RSI under 30 indicates the market is approaching oversold levels. The next area of resistance is around 49.87 and 50.57, while 1st support hits today at 48.75 and below there at 48.32.

**HEATING OIL (MAY) 03/17/2017:** The crossover up in the daily stochastics is a bullish signal. Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal down puts the market on the defensive. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 154.46. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 152.47 and 154.46, while 1st support hits today at 149.66 and below there at 148.82.

**RBOB GAS (MAY) 03/17/2017:** Daily stochastics are trending lower but have declined into oversold territory. The close below the 9-day moving average is a negative short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next downside target is now at 158.20. The market is

approaching oversold levels on an RSI reading under 30. The next area of resistance is around 162.50 and 164.17, while 1st support hits today at 159.52 and below there at 158.20.

NATURAL GAS (MAY) 03/17/2017: The daily stochastics gave a bearish indicator with a crossover down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside target is 2.902. The next area of resistance is around 3.014 and 3.067, while 1st support hits today at 2.932 and below there at 2.902.

## 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>										
CLAK7	49.31	29.26	31.94	15.27	16.89	49.00	50.34	52.26	53.45	53.94
CLAM7	49.71	28.33	31.24	15.27	16.31	49.40	50.74	52.60	53.86	54.36
HOAK7	151.07	28.09	31.46	10.96	11.14	1.51	1.54	1.59	1.63	1.65
HOAM7	151.88	27.43	30.93	10.82	10.85	1.52	1.55	1.60	1.64	1.66
RBAK7	161.01	26.00	29.61	11.75	11.31	1.61	1.64	1.69	1.75	1.77
RBAM7	161.69	25.24	29.18	11.46	10.97	1.61	1.65	1.70	1.75	1.77
NGAK7	2.973	46.26	45.89	66.88	66.63	3.03	3.01	2.93	3.13	3.18
NGAM7	3.039	45.76	45.67	66.17	64.78	3.09	3.08	3.01	3.19	3.24

Calculations based on previous session. Data collected 03/16/2017

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>						
CLAK7	Crude Oil	48.31	48.74	49.44	49.87	50.57
CLAM7	Crude Oil	48.77	49.17	49.85	50.25	50.93
HOAK7	Heating Oil	148.82	149.66	151.63	152.47	154.46
HOAM7	Heating Oil	149.82	150.60	152.38	153.16	154.94
RBAK7	RBOB Gas	158.19	159.51	161.18	162.50	164.17
RBAM7	RBOB Gas	159.04	160.25	161.91	163.12	164.78
NGAK7	Natural Gas	2.901	2.931	2.984	3.014	3.067
NGAM7	Natural Gas	2.980	3.004	3.050	3.074	3.120

Calculations based on previous session. Data collected 03/16/2017

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