



DAILY ENERGY COMPLEX COMMENTARY

Friday March 24, 2017

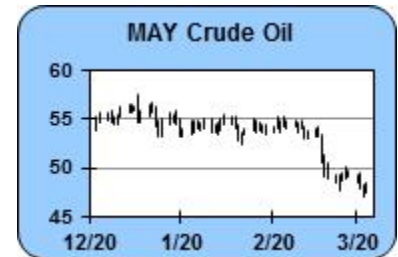
DAILY ENERGY COMPLEX COMMENTARY

03/24/17

Macro-economic influences from Washington to drive prices today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CRUDE +25, HEATING OIL +65, UNLEADED GAS +50

CRUDE OIL MARKET FUNDAMENTALS: With the nearby crude oil contract failing to hold a rally yesterday, the dollar showing signs of strength at times this week and this week's crude oil inventory data still hanging over the market, it is difficult to call for an end to the March slide in crude oil prices. However, the market should draft some support from news that Chinese February crude oil imports posted the second highest reading ever yesterday and it is also possible that energy prices will garner some support from news that Chinese crude oil imports for the first two months of 2017 managed to rise of 12.5% on a year-over-year basis. Issues that might leave the bear track in prices in place this morning is the idea that the removal of rules on the US energy sector will facilitate even more production, news that Russia Iran and Iraq have all escalated shipments to China and lastly the potential for a massive risk-off slide in all commodities today in the event that the US President fails to get his health care package passed today as that in turn might prompt a further removal of the Trump euphoria wave. In the coming 8 hours, crude oil prices are likely to establish a tight positive correlation with equities.



PRODUCT MARKET FUNDAMENTALS: The gasoline market finished right on the potentially critical \$1.60 level yesterday and that level has probably become some form of important pivot point. Underpinning the gasoline market is news that Amsterdam Rotterdam and Antwerp (ARA) gas oil stocks fell again on the week. We can't rule out additional downside action in crude oil prices this week and that probably leaves a weight hanging over the product markets. It should also be noted that the product markets will also tend to correlate positively with the action in US equities today. In other words, macroeconomic psychology and risk on/risk off will have a noted influence on all levels of the energy complex today. If it appears that the US healthcare plan is set to fail or the vote is delayed into next week, equities and energy products could finish the week under pressure. In the May RBOB contract the failure to hold above the \$1.60 level and more specifically the failure to hold above the \$1.5916 level could result in a quick retest of the March low of \$1.5824.

NATURAL GAS: The weekly natural gas storage report showed a draw of 150 bcf. Total storage stands at 2092 bcf or 14.6% above the 5 year average. Over the last four weeks natural gas storage has declined 264 bcf. The market found support from the inventory report as it was the largest storage decline for this time of year ever. Still, given the warmer temperatures for the eastern half of the country through April 6th, the report is most likely already priced in at these levels. Natural gas prices are up 16% over the past month, so a further extension of the rally could be more difficult with the end of the heating season upon us. April natural gas rallied after the inventory report on Thursday, but still remains below the key 100 day moving average at \$3.113. The market has been challenging the 50 day moving average at \$3.066 and the 200 day at \$3.089 over the last four trading days, but a distinct move above the 100 day is needed to ignite the bull camp. With the big draw from the inventory report behind the trade, a more corrective sideways trade is possible. A pullback to support levels at \$2.933 followed by \$2.877 seems likely.

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
3/17/2017	-150	2092	-399	-264	14.6%	23.9%

TODAY'S MARKET IDEAS:

We stand by the view that gasoline prices are closer to solid value on their charts than crude oil prices. In fact, crude oil charts remain negative and the failure to hold above \$47.58 in the May crude oil contract could result in another range down new low for the move today. However, portions of the bear camp might be hesitant to press the market given that Chinese February crude oil imports posted the second highest reading ever. Downtrend channel resistance in May crude oil today is seen at \$48.51 and to turn the tide back up probably requires trade back above \$49.09. Pushed into the market we remain bearish toward crude oil and partially bullish toward gasoline.

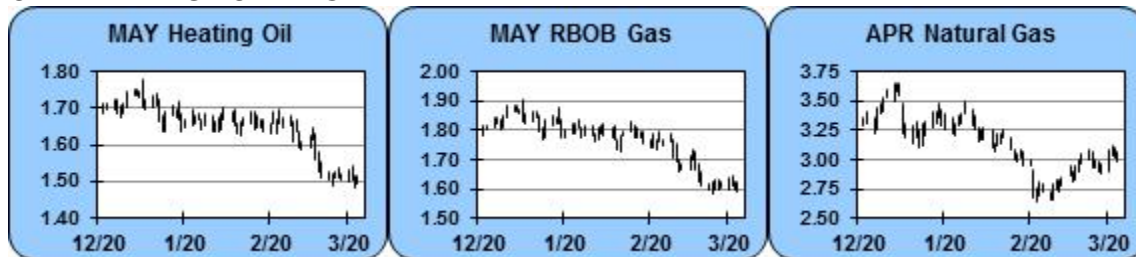
NEW RECOMMENDATIONS:

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) 03/24/2017: 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 daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The next downside objective is 46.97. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 48.15 and 48.76, while 1st support hits today at 47.25 and below there at 46.97.

HEATING OIL (MAY) 03/24/2017: The daily stochastics have crossed over down which is a bearish indication. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. A negative signal for trend short-term was given on a close under the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 148.06. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 150.67 and 152.11, while 1st support hits today at 148.65 and below there at 148.06.

RBOB GAS (MAY) 03/24/2017: The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. 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 upside target is 163.21. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 161.40 and 163.21, while 1st support hits today at 158.48 and below there at 157.36.

NATURAL GAS (MAY) 03/24/2017: The major trend could be turning up with the close back above the 40-day

moving average. Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 3.199. The next area of resistance is around 3.170 and 3.199, while 1st support hits today at 3.084 and below there at 3.027.

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	47.70	21.07	26.06	14.70	12.83	48.22	48.68	50.60	52.77	53.38
CLAM7	48.25	21.33	26.23	14.94	13.08	48.78	49.16	51.02	53.17	53.81
HOAK7	149.66	27.10	30.63	13.37	12.60	1.51	1.51	1.55	1.62	1.64
HOAM7	150.48	26.51	30.13	13.04	12.27	1.52	1.52	1.56	1.63	1.65
RBAK7	159.94	26.88	29.90	16.90	17.24	1.61	1.61	1.65	1.73	1.76
RBAM7	160.58	25.31	28.92	15.35	15.28	1.62	1.62	1.66	1.73	1.76
NGAK7	3.127	58.78	55.14	74.71	78.40	3.11	3.06	3.01	3.10	3.16
NGAM7	3.202	59.87	55.91	73.41	78.23	3.18	3.13	3.09	3.16	3.22

Calculations based on previous session. Data collected 03/23/2017

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	46.96	47.25	47.86	48.15	48.76
CLAM7	Crude Oil	47.57	47.83	48.41	48.66	49.25
HOAK7	Heating Oil	148.05	148.64	150.08	150.67	152.11
HOAM7	Heating Oil	148.96	149.51	150.89	151.44	152.82
RBAK7	RBOB Gas	157.35	158.47	160.28	161.40	163.21
RBAM7	RBOB Gas	158.15	159.20	160.91	161.96	163.67
NGAK7	Natural Gas	3.027	3.084	3.113	3.170	3.199
NGAM7	Natural Gas	3.101	3.159	3.187	3.245	3.273

Calculations based on previous session. Data collected 03/23/2017

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