



DAILY ENERGY COMPLEX COMMENTARY

Tuesday March 28, 2017

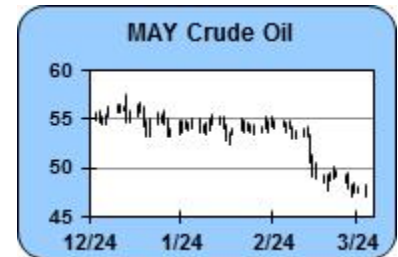
DAILY ENERGY COMPLEX COMMENTARY

03/28/17

Crude oil complex finding moderate strength, natural gas under pressure

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CRUDE +38, HEATING OIL +74, UNLEADED GAS +93

CRUDE OIL MARKET FUNDAMENTALS: Crude oil prices are posting moderate gains this morning and are over \$1.00 above their "double bottom lows" from yesterday and last Wednesday. While improvement in risk sentiment has helped crude oil prices to find their footing, they have yet to overcome burdensome US supply levels. While there were some comments by member nations of the Oil Producers Agreement to extend their output cuts past the June expiration, other nations such as Russia expressed doubts that the current agreement would remain in place. Given the difficulty (and time) it took those nations to put together an agreement, it may not be until late May or early June before we know if output cuts will be extended. Keep in mind that several OPEC members are exempt from participating in output cuts, including Libya where production will increase by 200,000 barrels per day by the end of next month. US crude oil output is expected to grow as the latest Baker Hughes rig count reflected a tenth straight weekly increase which in turn should keep US supply close to historically high levels. Early indications are for crude oil stocks to have a moderate build that would result in another new all-time record high.



PRODUCT MARKET FUNDAMENTALS: Both product markets have been able to post moderate gains this morning but remain near the bottom end of their recent downmoves. However, May RBOB was able to bounce off of the \$1.60 level which provides evidence that this area should provide decent near-term support. There are reports that retail gasoline prices have fallen below their January 1st levels for the first time in years, which speak both to ample supply level as well as lukewarm demand over the past few months. Heating oil climbed back into positive territory late in the day to post a modest gain for yesterday's outside day session. Although this set the stage for upside follow-through today, keep in mind that the end of the North American heating season is forecast to be followed by warmer than normal temperature through to the middle of April.

NATURAL GAS: May natural gas is finding mild pressure early today after starting out this week by a gap-higher opening and reaching a new six week high, but could not hold onto those early gains and settled near the lows yesterday. Widespread ridging over the entire US should keep cold air up over the ridge and into Canada for the first ten days of April. Demand for heating should retreat significantly in the first week of April. Gas inventories totaled 2,092 bcf as of March 17th, 15% above the five year average. The market gapped above the 100 day moving average at \$3.158, but then closed below that level. The 50% retracement level of the entire first quarter move comes in at \$3.170, and the market tested this level on Monday and closed below it as well. Technically, the market experienced a bit of a failure, and stochastics are a bit overbought. The bull camp will need another late season draw on inventories which looks as though will not happen. A test down to \$3.028 to \$2.972 is possible over the next few days.

TODAY'S MARKET IDEAS:

May crude has successfully retested the \$47.00 level twice in the past 4 sessions, but has so far been unable to sustain an extended recovery move. While there have been positive vibes from oil-producing nations over extending their output, keep in mind that crude oil prices have taken a sizable plunge from the \$52 to \$57 barrel

CLAK7	47.78	24.82	28.06	13.63	12.65	47.87	48.51	49.88	52.49	53.10
CLAM7	48.33	24.90	28.12	13.80	12.76	48.42	49.01	50.33	52.90	53.54
HOAK7	150.70	33.91	34.29	13.38	13.84	1.50	1.51	1.54	1.61	1.63
HOAM7	151.43	34.41	34.38	13.11	13.72	1.51	1.52	1.54	1.62	1.64
RBAK7	162.76	42.86	38.87	19.18	22.44	1.61	1.61	1.63	1.72	1.75
RBAM7	162.90	40.10	37.05	16.94	19.39	1.62	1.62	1.64	1.73	1.75
NGAK7	3.129	57.77	54.76	78.23	79.66	3.12	3.08	3.04	3.09	3.15
NGAM7	3.204	58.82	55.54	78.09	80.57	3.20	3.15	3.11	3.16	3.20

Calculations based on previous session. Data collected 03/27/2017

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	46.53	47.18	47.73	48.38	48.93
CLAM7	Crude Oil	47.09	47.73	48.27	48.91	49.45
HOAK7	Heating Oil	147.07	149.09	150.29	152.31	153.51
HOAM7	Heating Oil	148.04	149.95	151.00	152.91	153.96
RBAK7	RBOB Gas	159.26	161.35	162.06	164.16	164.86
RBAM7	RBOB Gas	159.61	161.56	162.28	164.23	164.95
NGAK7	Natural Gas	3.063	3.086	3.147	3.171	3.231
NGAM7	Natural Gas	3.142	3.164	3.219	3.242	3.297

Calculations based on previous session. Data collected 03/27/2017

Data sources can & do produce bad ticks. Verify before use.

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.