



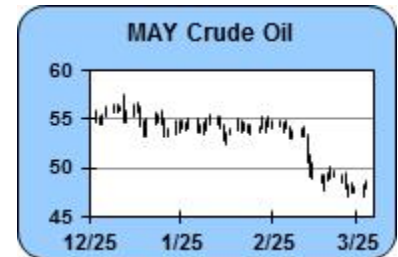
DAILY ENERGY COMPLEX COMMENTARY Wednesday March 29, 2017

DAILY ENERGY COMPLEX COMMENTARY 03/29/17

Crude oil finding mild support in front of key EIA stocks data

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CRUDE +23, HEATING OIL +130, UNLEADED GAS +109**

CRUDE OIL MARKET FUNDAMENTALS: Crude oil prices are showing signs that they may lift further clear of their recent lows, but they will have to get past critical weekly stocks readings later today before they can extend their recovery move. Crude oil prices were able to build onto yesterday's rebound with a sizable gain. Calmer global markets are helping to improve risk sentiment which in turn has provided crude oil with underlying support. However, prices received a sharp boost from reports that a Libyan oil terminal will have to declare "force majeure" and halt crude oil shipments, which will reduce both exports and expanding production from a nation exempt from the Oil Producers agreement. After yesterday's close, a private survey showed an increase in domestic crude oil stocks which was above trade forecasts that would set the stage for another build in the EIA weekly crude oil stocks figure today. While an in-line reading of a 1.4 million build would be much smaller than last week's 5.0 million increase, this would still put crude oil stocks at their highest level since the EIA records began in 1982. There has been more talk that the Oil Producers Agreement will be extended past June, with indications that at least one new nation (Azerbaijan) may become a cosigner to the agreement. Full compliance with output cuts remains an issue for several nations, however, which has diminished its impact on prices so far.



PRODUCT MARKET FUNDAMENTALS: Heating oil and RBOB have certainly benefited from a strong rebound in crude oil this week. After the close, however, a private survey showed weekly gasoline stocks falling by less than market forecasts. While gasoline and distillates are both forecast to have weekly draws in the EIA stocks reading today, rising crude oil supply as well as the likely increase in domestic oil production will make it difficult for heating oil and RBOB to sustain upside momentum unless a "risk on" mood develops across global markets.

Weekly EIA Petroleum Estimates - Week Ending 3/24/2017 - In Million Barrels

	High Estimate	Low Estimate	Stocks Last Week	Stocks Change Last Week
Crude Oil	1.6	1.2	533.1	5
Distillates	-1	-1.4	155.4	-1.9
Gasoline	-1.7	-2.1	243.5	-2.8

NATURAL GAS: May natural gas traded up to the highest level since February 10th this morning. Strong consumer confidence readings and stronger equities helped to support the recovery yesterday. The trade will be looking for natural gas inventories to decline by 37 bcf last week compared to the five year average draw of 27 bcf. Forecasts continue to show above normal temperatures in the Midwest and Northeast through April 10th. May natural gas closed at its highest level since February 9th and experienced the first close above the 100 day moving average of \$3.160 since the same date. A second close above \$3.160 should excite the bull camp. Technically, the market held right on the 200 day moving average at \$3.089 and after Monday's reversal of off

fresh highs, Tuesday's price action is impressive. Support is seen at \$3.028 followed by \$2.972. Resistance is at \$3.272.

TODAY'S MARKET IDEAS:

Keep in mind that May crude oil finished yesterday at \$48.37, just 7 cents above its November 29th close which was the day before the Oil Producers Agreement was announced. With US crude oil output on the rise again, those oil producing nations may have to further cut their output with any agreement extension which would not be financially appealing for some of those nations. End-of-month/quarter short covering should provide additional help, but crude oil's upside may be limited at best. Near-term resistance for May crude oil is seen at \$48.93 with support found at \$47.80. Near-term resistance for May heating oil is at \$1.5420 while near-term resistance for May RBOB is at \$1.6560.

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) 03/29/2017: The daily stochastics gave a bullish indicator with a crossover up. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The market's close below the 9-day moving average is an indication the short-term trend remains negative. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 49.26. The next area of resistance is around 48.84 and 49.26, while 1st support hits today at 47.90 and below there at 47.38.

HEATING OIL (MAY) 03/29/2017: 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 close above the 9-day moving average suggests the short-term trend remains positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 155.91. The next area of resistance is around 154.04 and 155.91, while 1st support hits today at 150.40 and below there at 148.62.

RBOB GAS (MAY) 03/29/2017: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside objective is 167.53. The next area of resistance is around 165.60 and 167.53, while 1st support hits today at 161.98 and below there at 160.28.

NATURAL GAS (MAY) 03/29/2017: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The upside closing price reversal on the daily chart is somewhat bullish. The close over the pivot swing is a somewhat positive setup. The next upside objective is 3.251. The next area of resistance

is around 3.217 and 3.251, while 1st support hits today at 3.121 and below there at 3.058.

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	48.37	35.93	34.43	14.66	16.89	47.94	48.39	49.61	52.36	52.97
CLAM7	48.88	35.93	34.41	14.85	17.05	48.49	48.91	50.07	52.77	53.41
HOAK7	152.22	42.40	39.03	15.59	19.80	1.51	1.51	1.53	1.61	1.63
HOAM7	152.83	41.20	38.15	15.05	18.95	1.51	1.52	1.54	1.61	1.63
RBAK7	163.79	48.33	42.22	22.77	29.94	1.62	1.62	1.63	1.72	1.74
RBAM7	163.69	45.34	40.15	19.89	25.79	1.62	1.62	1.64	1.72	1.75
NGAK7	3.169	61.22	57.03	79.30	81.43	3.15	3.10	3.05	3.09	3.14
NGAM7	3.239	62.89	58.25	80.03	83.92	3.22	3.17	3.13	3.15	3.20

Calculations based on previous session. Data collected 03/28/2017

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	47.38	47.90	48.32	48.84	49.26
CLAM7	Crude Oil	47.91	48.41	48.85	49.35	49.79
HOAK7	Heating Oil	148.61	150.39	152.26	154.04	155.91
HOAM7	Heating Oil	149.40	151.07	152.92	154.59	156.44
RBAK7	RBOB Gas	160.27	161.97	163.90	165.60	167.53
RBAM7	RBOB Gas	160.74	162.12	163.90	165.28	167.06
NGAK7	Natural Gas	3.057	3.120	3.154	3.217	3.251
NGAM7	Natural Gas	3.133	3.192	3.226	3.285	3.319

Calculations based on previous session. Data collected 03/28/2017

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.