



## DAILY ENERGY COMPLEX COMMENTARY

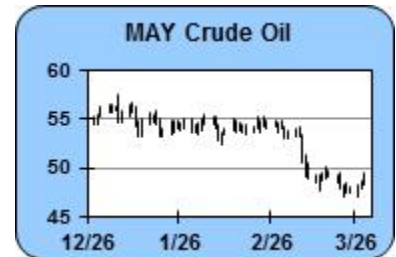
Thursday March 30, 2017

### DAILY ENERGY COMPLEX COMMENTARY

03/30/17

**Energies fall back from overnight highs, remain well supported**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**CRUDE -11, HEATING OIL -62, UNLEADED GAS -49**



**CRUDE OIL MARKET FUNDAMENTALS:** Crude oil is finding some pressure this morning after reaching a new 2-week high during the overnight session. After bouncing more than \$2.50 above Monday's low and with improving risk appetites as well as end-of-quarter short-covering working in their favor, crude oil should remain well-supported. Crude oil and the products posted sizable gains yesterday. The latest EIA crude oil stocks reading resulted in another new all-time high, but were well below trade estimates for a 1.4 million barrel build. With the summer driving season on the horizon, this is leading some traders and analysts to feel that US crude oil supply may be closing in on a near-term top. In addition, news that there was stronger compliance with the Oil Producers Agreement has raised expectations in some quarters that the agreement will be extended in June. Crude stocks at 533.977 million barrels is the highest ever for this week. EIA crude stocks rose 867,000 barrels and are 30.161 million barrels above year ago levels. Also, crude stocks stand 136.547 million barrels above the five year average. Crude oil imports for the week stood at 8.224 million barrels per day compared to 8.307 million barrels the previous week. The refinery operating rate was 89.30% up, 1.90% from last week compared to 90.40% last year and the five year average of 87.90%.

**PRODUCT MARKET FUNDAMENTALS:** While heating oil and RBOB have fallen back into negative territory, they remain fairly close to their overnight highs for the move. Both gasoline and distillates saw EIA stocks declines that were larger than trade expectations that in turn provided RBOB and heating oil with an additional source of support. As with crude oil, steep first quarter losses could result in notable short-covering today and tomorrow. EIA gasoline stocks fell 3.747 million barrels and are 2.839 million barrels below last year and 13.743 million above the five year average. Average total gasoline demand for the past four weeks was down 0.98% compared to last year. Gasoline imports came in at 521,000 barrels per day compared to 325,000 barrels the previous week. EIA distillate stocks fell 2.483 million barrels and stand at 8.275 million barrels below last year and 22.873 million above the five year average. Distillate imports came in at 115,000 barrels per day compared to 127,000 barrels the previous week. Average total distillate demand for the past four weeks was up 13.11% compared to last year. Heating oil stocks at 10.328 million barrels is the lowest for this week since 2015 EIA heating oil stocks fell 1.354 million barrels and are 3.870 million barrels below last year and 6.848 million below the five year average.

| 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 |
| 3/24/2017                   | 533.977 | 0.867         | 30.161        | 397.43         | 8.224   | 89.3                 | 90.4     |
| DISTILLATES                 | Stocks  |               |               |                | Imports | Demand               |          |
| Week Of                     | Current | Weekly Change | Yearly Change | 5 Year Average | Current | Current              | Year Ago |
| 3/24/2017                   | 152.91  | -2.483        | -8.275        | 130.037        | 0.115   | 4.222                | 3.848    |

| GASOLINE  | Stocks  |         |               |               | Imports | Demand         |         |
|-----------|---------|---------|---------------|---------------|---------|----------------|---------|
|           | Week Of | Current | Weekly Change | Yearly Change |         | 5 Year Average | Current |
| 3/24/2017 | 239.721 | -3.747  | -2.839        | 225.978       | 0.521   | 9.524          | 9.244   |

**NATURAL GAS:** May natural gas traded to a high of \$3.253 on Wednesday, which is the highest price level since February 10th. The EIA inventory report out today should show a withdrawal of 40 bcf last week according to industry analysts, which compares to the five year average of a 27 bcf decline. However, an in-line decline in storage would still be the largest draw for this week since 2014. Consumption has climbed as the late winter cold blast in the Northeast earlier this month has eroded some of the surplus. Also, solid export numbers were reported with US average January exports to Mexico were seen up 35% from last year at 3.976 mcf per day according to a major trade house. May natural gas opened above the 100 day moving average at \$3.163 and remained strong throughout the session yesterday. Trend line support for today comes in at \$3.090 with minor resistance at \$3.272. With a second close above the 100 day moving average of \$3.163 today, traders could shift to a "buy breaks" instead of "sell rallies" attitude.

#### **TODAY'S MARKET IDEAS:**

While crude oil and RBOB came into this week with sizable net spec long positions, keep in mind that all three members of the crude oil complex still have sizable quarterly losses going into today's trading. Members of the Oil Producers Agreement have talked up compliance as high as 95% with their output cuts, which may not last but should provide some near-term underlying support for crude oil. As a result, there is a good chance that the crude oil complex can remain fairly well supported over the rest of this week's trading. Near-term support for May crude oil is seen at \$49.10 with resistance found at \$50.10. Near-term support for May heating oil is at \$1.5330 while near-term resistance for May RBOB is at \$1.6540.

#### **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) 03/30/2017:** Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The next upside objective is 50.36. The next area of resistance is around 50.02 and 50.36, while 1st support hits today at 48.86 and below there at 48.04.

**HEATING OIL (MAY) 03/30/2017:** Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. A positive setup occurred with the close over the 1st swing resistance. The near-term upside target is at 156.66. The next area of resistance is around 155.78 and

156.66, while 1st support hits today at 153.06 and below there at 151.21.

RBOB GAS (MAY) 03/30/2017: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 170.71. The next area of resistance is around 169.39 and 170.71, while 1st support hits today at 164.87 and below there at 161.68.

NATURAL GAS (MAY) 03/30/2017: Momentum studies are trending higher but have entered overbought levels. The market's short-term trend is positive on the close above the 9-day 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 3.303. The next area of resistance is around 3.260 and 3.303, while 1st support hits today at 3.169 and below there at 3.119.

## DAILY TECHNICAL STATISTICS

|                       | CLOSE  | 9 DAY<br>RSI | 14 DAY<br>RSI | 14 DAY<br>SLOW<br>STOCH D | 14 DAY<br>SLOW<br>STOCH K | 4 DAY<br>M AVG | 9 DAY<br>M AVG | 18 DAY<br>M AVG | 45 DAY<br>M AVG | 60 DAY<br>M AVG |
|-----------------------|--------|--------------|---------------|---------------------------|---------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>ENERGY COMPLEX</b> |        |              |               |                           |                           |                |                |                 |                 |                 |
| CLAK7                 | 49.44  | 50.12        | 43.68         | 19.24                     | 28.41                     | 48.38          | 48.41          | 49.37           | 52.25           | 52.86           |
| CLAM7                 | 49.92  | 50.15        | 43.61         | 19.42                     | 28.54                     | 48.91          | 48.94          | 49.84           | 52.65           | 53.30           |
| HOAK7                 | 154.42 | 55.33        | 47.20         | 21.65                     | 33.77                     | 1.52           | 1.51           | 1.53            | 1.60            | 1.62            |
| HOAM7                 | 155.09 | 54.92        | 46.77         | 20.91                     | 32.62                     | 1.53           | 1.52           | 1.54            | 1.61            | 1.63            |
| RBAK7                 | 167.13 | 62.96        | 52.50         | 30.93                     | 47.25                     | 1.64           | 1.62           | 1.63            | 1.71            | 1.74            |
| RBAM7                 | 166.81 | 60.41        | 50.33         | 27.35                     | 42.26                     | 1.64           | 1.63           | 1.64            | 1.72            | 1.74            |
| NGAK7                 | 3.215  | 65.04        | 59.64         | 81.17                     | 84.29                     | 3.17           | 3.13           | 3.07            | 3.09            | 3.14            |
| NGAM7                 | 3.282  | 65.58        | 60.09         | 81.77                     | 85.25                     | 3.24           | 3.20           | 3.14            | 3.15            | 3.19            |

Calculations based on previous session. Data collected 03/29/2017

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   | 48.04     | 48.86     | 49.20  | 50.02    | 50.36    |
| CLAM7                 | Crude Oil   | 48.57     | 49.36     | 49.69  | 50.48    | 50.81    |
| HOAK7                 | Heating Oil | 151.20    | 153.05    | 153.93 | 155.78   | 156.66   |
| HOAM7                 | Heating Oil | 151.69    | 153.65    | 154.56 | 156.52   | 157.43   |
| RBAK7                 | RBOB Gas    | 161.68    | 164.86    | 166.20 | 169.39   | 170.71   |
| RBAM7                 | RBOB Gas    | 162.07    | 164.85    | 165.99 | 168.77   | 169.91   |
| NGAK7                 | Natural Gas | 3.119     | 3.168     | 3.211  | 3.260    | 3.303    |
| NGAM7                 | Natural Gas | 3.193     | 3.239     | 3.279  | 3.325    | 3.365    |

Calculations based on previous session. Data collected 03/29/2017

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