



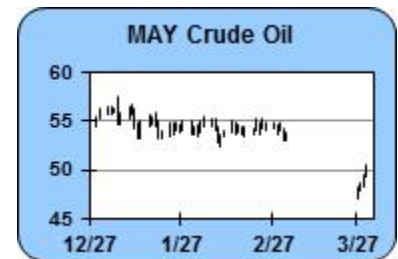
## DAILY ENERGY COMPLEX COMMENTARY Friday March 31, 2017

### DAILY ENERGY COMPLEX COMMENTARY 03/31/17

#### Energies pull back from weekly highs but remain well supported

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
CRUDE -27, HEATING OIL -63, UNLEADED GAS -94**

**CRUDE OIL MARKET FUNDAMENTALS:** This week's uptrend in crude oil appears to have run out of steam as it has fallen into negative territory coming into this morning's trading. While crude oil put together a relatively strong finish to what has been a fairly weak first quarter, it will likely need to find more evidence of lower supply in order to extend a recovery move past the weekend. Energy prices went on to post sizable gains yesterday so that even with today's early pullback, crude oil prices were still more than \$3.00 above Monday's low. Improving risk sentiment provided crude oil with a significant boost that helped to offset the negative impact of a stronger Dollar. In addition, the market continues to find support from the latest EIA stocks readings that showed a smaller crude oil build than forecast. There was news that January and February Chinese oil production fell by 8% from last year's levels, while Libya is continuing have issues with several of their oil fields that have reduced their overall production by 250,000 barrels per day. Official in Kuwait and Venezuela came out in favor of extending the output cuts in the Oil Producers agreement, which shows that support growing for extending the agreement past June. Abundant US supply continues to shadow the market, however, so market focus will be on the latest Baker Hughes weekly rig count release later today as another uptick in crude oil rigs may point towards increasing domestic production in an already oversaturated market.



**PRODUCT MARKET FUNDAMENTALS:** The product markets are finding mild pressure this morning but remain near the top end of this week's recovery moves. Heating oil and RBOB were able to post a fourth positive daily result in a row as both finished yesterday with moderate gains. This week's sizable EIA stocks draws for distillates and gasoline continues to provide underlying support, and was able to offset bearish supply news out of Europe. Gasoline stocks at the Amsterdam-Rotterdam- Antwerp (ARA) hub rose by 10% last week, although they remain 14% below the comparable period last year. In addition, ARA fuel oil stocks reached their highest level since records began in 1995. US gasoline demand remains well above its 10-year average, which may be an early sign of healthy consumption during this year's summer driving season.

**NATURAL GAS:** EIA natural gas inventories fell 43 bcf versus the average estimate looking for a 45 bcf decline and compared to the five year average drop of 27 bcf. Stockpiles are 2,049 bcf as of March 24th, 13.9% above the five year average and 17.1% below last year's total. A drop of 43 bcf is the largest for the last week of March since 2014. The latest National Weather Service 8-14 day weather forecast has above normal temperatures through most of the country, except for the West Coast which has below normal temperatures forecast and the Northeast region which has a normal temperatures forecast. May natural gas saw profit taking after the release of the EIA inventory number, but the market remains more than 15% higher so far for the month of March. The decline in inventories was pretty much in line with analyst estimates, but it also was a large draw for the last week of March. Trendline support comes in at \$3.112 for today's trade with resistance at \$3.272.

**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
3/24/2017	-43	2049	-423	-314	13.9%	22.2%

### TODAY'S MARKET IDEAS:

A combination of improving risk appetites and end-of-month/end-of-quarter short covering should help crude oil to remain relatively well supported during today's trading. Whether this week's recovery move can be sustained next week and beyond remains to be seen, as US crude oil supply needs to show a substantial decline (which normally start to occur in April in most years but may be diminished by increasing domestic production) for energy prices to extend this current rebound. Near-term support for May crude oil is seen at \$49.75 with resistance found at \$50.65. Near-term support for May heating oil is at \$1.5460 while near-term resistance for May RBOB is at \$1.6570.

### 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) 03/31/2017:** The daily stochastics have crossed over up which is a bullish indication. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is negative as the close remains below the 9-day moving average. A positive setup occurred with the close over the 1st swing resistance. The next upside objective is 51.31. The next area of resistance is around 50.96 and 51.31, while 1st support hits today at 49.76 and below there at 48.92.

**HEATING OIL (MAY) 03/31/2017:** Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 158.78. The next area of resistance is around 157.80 and 158.78, while 1st support hits today at 154.65 and below there at 152.47.

**RBOB GAS (MAY) 03/31/2017:** A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Positive momentum studies in the neutral zone will tend to reinforce higher price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 171.30. The next area of resistance is around 170.16 and 171.30, while 1st support hits today at 167.18 and below there at 165.35.

**NATURAL GAS (MAY) 03/31/2017:** 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 market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 3.286. The next area of resistance is

around 3.239 and 3.286, while 1st support hits today at 3.143 and below there at 3.094.

## 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	50.36	36.48	36.33	32.07	35.57	48.99	51.65	52.72	53.59	53.85
CLAM7	50.79	58.82	50.01	28.31	45.75	49.50	49.07	49.66	52.58	53.23
HOAK7	156.22	60.86	51.15	30.90	49.40	1.53	1.52	1.53	1.60	1.62
HOAM7	156.83	60.40	50.67	30.00	48.17	1.54	1.53	1.53	1.61	1.63
RBAK7	168.67	66.76	55.56	41.17	61.66	1.66	1.63	1.63	1.71	1.74
RBAM7	168.16	63.73	52.87	36.97	56.20	1.65	1.63	1.64	1.72	1.74
NGAK7	3.191	60.48	57.26	82.52	83.99	3.18	3.15	3.08	3.08	3.13
NGAM7	3.256	60.47	57.42	83.13	84.50	3.25	3.22	3.15	3.15	3.19

Calculations based on previous session. Data collected 03/30/2017

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	48.91	49.76	50.11	50.96	51.31
CLAM7	Crude Oil	49.39	50.20	50.55	51.36	51.70
HOAK7	Heating Oil	152.46	154.64	155.62	157.80	158.78
HOAM7	Heating Oil	153.22	155.31	156.26	158.35	159.30
RBAK7	RBOB Gas	165.34	167.18	168.32	170.16	171.30
RBAM7	RBOB Gas	165.06	166.75	167.87	169.56	170.68
NGAK7	Natural Gas	3.094	3.143	3.190	3.239	3.286
NGAM7	Natural Gas	3.164	3.210	3.255	3.301	3.346

Calculations based on previous session. Data collected 03/30/2017

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