



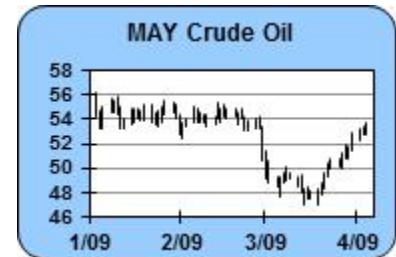
DAILY ENERGY COMPLEX COMMENTARY

Thursday April 13, 2017

DAILY ENERGY COMPLEX COMMENTARY 04/13/17

Fresh demand news from China should help to cushion prices

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
CRUDE +3, HEATING OIL -7, UNLEADED GAS -39**



CRUDE OIL MARKET FUNDAMENTALS: The crude oil market forged another range up extension yesterday and prices temporarily reached up to the highest level since March 7th in a rally yesterday that continues to be fed by supply-side uncertainty in the Middle East, persistent talk of a production cut extension and relief that US supplies are temporarily leveling out. However, crude stocks did come in at 533.3 million barrels and that is the highest tally ever for this week despite the fact that the stocks fell 2.1 million barrels. The May crude oil contract did see significant volatility off the EIA data and at times yesterday prices were trading as much as 72 cents below their EIA reaction peak. In the end with the current US stockpile sitting 28.1 million barrels above year ago levels and that markets yesterday seeing soft Mediterranean and euro crude grade price action for April business, it is possible that prices are poised for some measure of corrective action today. However, as we indicated earlier in the week, production restraint outside of the US is thought to be balancing supply outside of the US and that might leave Brent Crude prices outperforming WTI. Issues that provide a surprise support to prices this morning is news that Chinese 1st quarter oil demand reached the highest ever, suggests of declining "less visible floating supply" (from the IEA) and suggestions from the IEA that the world oil market does appear to be "balancing". US Crude oil imports for the week stood at 7.8 million barrels per day compared to 7.8 million barrels the previous week. The refinery operating rate was 91.00% up, 0.20% from last week compared to 89.20% last year and the five year average of 88.24%.

PRODUCT MARKET FUNDAMENTALS: Like crude oil, the gasoline market forged a fresh upside breakout and fell back notably from that new high into the close yesterday and that presents the market with a slightly negative technical influence today. Furthermore RBOB this morning remains close to a 4 day low! Given that gasoline prices failed to hold gains in the face of supportive inventory data yesterday, it is possible that prices have reached a near term equilibrium high. While European product prices firmed in the wake of the US inventory declines, that could also leave those markets overdone and vulnerable to some back and fill action. EIA gasoline stocks fell 2.9 million barrels and are 3.6 million barrels below last year and 13.4 million above the five year average. Average total gasoline demand for the past four weeks was down 0.96% compared to last year. Gasoline imports came in at 488,000 barrels per day compared to 607,000 barrels the previous week. EIA distillate stocks fell 2.1 million barrels and stand at 13.2 million barrels below last year and 20.5 million above the five year average. Distillate imports came in at 118,000 barrels per day compared to 131,000 barrels the previous week. Average total distillate demand for the past four weeks was up 15.55% compared to last year. Heating oil stocks at 10.3 million barrels is the lowest for this week since 2015 EIA heating oil stocks rose 320,000 barrels and are 2.1 million barrels below last year and 5.7 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
4/7/2017	533.377	-2.166	28.145	404.108	7.878	91	89.2

DISTILLATES		Stocks			Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/7/2017	150.221	-2.153	-13.268	129.701	0.118	4.635	3.853
GASOLINE		Stocks			Imports	Demand	
Week Of	Current	Weekly Change	Yearly Change	5 Year Average	Current	Current	Year Ago
4/7/2017	236.13	-2.973	-3.631	222.722	0.488	9.275	9.633

NATURAL GAS: May natural gas prices scored a new low for the recent break yesterday, but they were able to rebound to close slightly higher for Wednesday's trading. Today's inventory report has estimates looking for an 11 bcf gain in stockpiles compared to the five year average of 12 bcf increase for the period. Stockpiles totaled 2,051 bcf as of March 31st, which is 15% above the five year average and 17% below year ago supplies. Temperatures may be cooler than normal in the Northeast US for the April 18th through the 26th according to the National Weather Service which could boost consumption and help to firm up weak chart support around \$3.141. However May natural gas remains below the old trend line support level at \$3.225 and yesterday's high of \$3.197 tested the 100 day moving average of \$3.196 and failed to extend. With speculative length at record levels, fresh supportive news will be needed to challenge last week's highs. Retracement level support is seen at \$3.067 with resistance at \$3.271 followed by \$3.347. Unfortunately fresh headlines this morning tout the prospect of growing US supply levels from US pipeline development.

TODAY'S MARKET IDEAS:

Given the technical reversal action in the prior trading session, it is likely that crude oil and product prices have temporarily found equilibrium pricing on the charts. Limiting the bull camp is particularly burdensome supply in parts of the Midwest and West Texas regions but the Chinese oil demand news overnight is a major issue capable of diffusing the recent corrective action. Another issue that should serve to support crude oil and unleaded today is the favorable spin on global supplies from the IEA overnight. In the end the theory that rising US oil supply is being offset by contracting supply outside of the US is bullish but potentially mostly factored into prices at this week's highs. However, general political and economic deterioration this week suggests that Non-Chinese energy demand is suspect and that takes the bid out of oil prices to end the trading week.

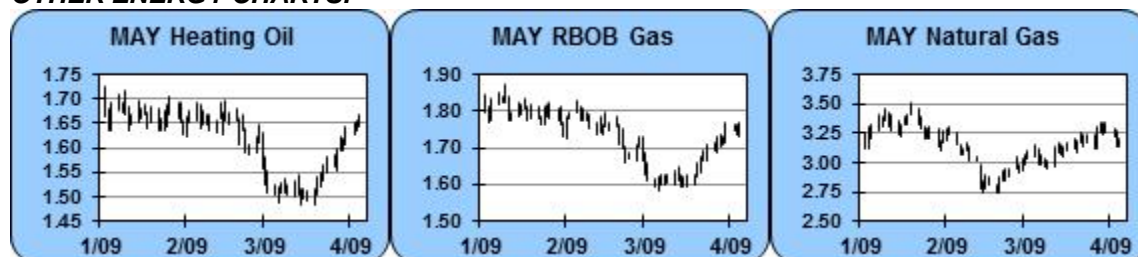
NEW RECOMMENDATIONS:

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) 04/13/2017: 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 downside closing price reversal on the daily chart is somewhat negative. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next upside objective is 54.05. The 9-day RSI over 70 indicates the market is

approaching overbought levels. The next area of resistance is around 53.38 and 54.05, while 1st support hits today at 52.42 and below there at 52.13.

HEATING OIL (MAY) 04/13/2017: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down is a negative indicator for prices. The market has a slightly positive tilt with the close over the swing pivot. The next upside target is 167.40. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 165.93 and 167.40, while 1st support hits today at 163.67 and below there at 162.88.

RBOB GAS (MAY) 04/13/2017: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The outside day down is a negative signal. The close below the 1st swing support could weigh on the market. The next upside objective is 178.20. The next area of resistance is around 175.44 and 178.20, while 1st support hits today at 171.58 and below there at 170.47.

NATURAL GAS (MAY) 04/13/2017: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is now at 3.107. The next area of resistance is around 3.211 and 3.236, while 1st support hits today at 3.147 and below there at 3.107.

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	52.90	70.11	62.75	87.56	91.49	52.91	51.82	50.18	51.67	52.30
CLAM7	53.31	70.37	62.95	87.53	91.49	53.31	52.25	50.66	52.07	52.72
HOAK7	164.80	78.48	68.13	88.26	92.40	1.64	1.61	1.57	1.59	1.61
HOAM7	165.58	81.03	69.61	88.53	93.31	1.65	1.62	1.57	1.60	1.62
RBAK7	173.51	63.81	60.02	87.30	87.94	1.75	1.73	1.68	1.70	1.72
RBAM7	173.72	70.16	63.49	88.24	90.48	1.75	1.73	1.68	1.70	1.73
NGAK7	3.179	49.64	51.62	67.85	54.34	3.21	3.23	3.19	3.07	3.13
NGAM7	3.258	50.40	52.27	67.67	54.33	3.28	3.30	3.26	3.14	3.19

Calculations based on previous session. Data collected 04/12/2017

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	52.13	52.42	53.09	53.38	54.05
CLAM7	Crude Oil	52.56	52.84	53.49	53.77	54.42
HOAK7	Heating Oil	162.88	163.67	165.14	165.93	167.40
HOAM7	Heating Oil	163.69	164.47	165.91	166.69	168.13
RBAK7	RBOB Gas	170.46	171.57	174.33	175.44	178.20
RBAM7	RBOB Gas	171.04	172.00	174.48	175.44	177.92
NGAK7	Natural Gas	3.106	3.146	3.171	3.211	3.236
NGAM7	Natural Gas	3.189	3.227	3.250	3.288	3.311

Calculations based on previous session. Data collected 04/12/2017

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