



## DAILY ENERGY COMPLEX COMMENTARY

Friday April 21, 2017

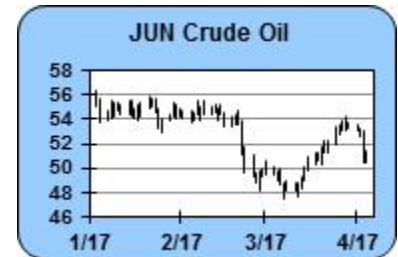
### DAILY ENERGY COMPLEX COMMENTARY

04/21/17

**A temporary low but only hard fought minimal gains**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**CRUDE -3, HEATING OIL -7, UNLEADED GAS +46**

**CRUDE OIL MARKET FUNDAMENTALS:** With the June crude oil market managing to hold above the prior session's low yesterday and again this morning, it would seem as if the washout this week is a bit overdone and that some value might now be seen "around" \$51.00. It is also possible and perhaps likely that a recovery in economic psychology yesterday and strength in gasoline crack spreads has shifted control temporarily back toward the bull camp. Other news that lent some support to crude oil pricing yesterday came from Iraq where cumulative exports for April were tracking downward due to maintenance and construction efforts and news that Iranian exports next month are expected to fall back to the lowest levels since March of 2016. An issue that countervails the export declines from Iran and Iraq is the fact that Iraq might look to a special exemption from the oil output cut limits. While OPEC has indicated they are happy with the results of their efforts to cut production, one has to think that the April high to low slide of nearly \$4.00 is getting their attention and could result in an increased flow of headlines touting an extension. Unfortunately, promises of an extension in a meeting in late May would seem to be too far out to effectively shut off the current slide in prices. On the other hand, it is possible that the producers group could implement an extension prior to the meeting if there is consensus among all players. We also think the net spec and fund long in crude oil is coming down aggressively but our view is the market is not fully liquidated yet especially with headline chatter about long funds losing interest in oil. In addition to what appears to be damaged charts the trade today will probably face yet another increase in US rig operating counts.



**PRODUCT MARKET FUNDAMENTALS:** Like the crude oil market, the gasoline market was also able to respect the Wednesday low in the Thursday trade and it has also added to the bounce to start this morning and that might provide a measure of fresh support on the charts. In fact, the bull camp should be somewhat cheered by news that US gasoline crack spreads showed some firming yesterday and that the markets are attempting to embrace improved macro-economic conditions. With price weakness in the prior six trading sessions, it is likely that the net spec and fund long in the product markets is moderating but it might be difficult to quickly arrest the slide in prices without some form of definitive supply side threat. Overnight the markets saw mixed supply news flow with ARA European gasoline stocks into the main Euro hub rising to 3.124 million tons from 3.067 the prior week and reports that Asian product prices rose on fresh demand hopes. While the June gasoline contract showed some capacity to respect the \$1.65 level yesterday, pushed into the market today we leave control with the bear camp. Similarly, June heating oil showed some support yesterday but without a strong risk on vibe to end the week, we can't rule out an eventual retest of \$1.5600.

**NATURAL GAS:** The weekly natural gas storage report showed an injection of 54 bcf versus estimates looking for a 49 bcf injection. Total storage stands at 2,115 bcf or 15.4% above the 5 year average. Over the last four weeks, natural gas storage has increased 23 bcf. The weather pattern remains unchanged with warmer temperatures in the eastern half of the US through May 3rd and below normal temperatures in the Northwest US. Yesterday's injection was a bit larger than trade estimates and with the managed money trend following traders still holding a net long of 176,502 contracts, we can't rule out long liquidation heading into the last trading day of

the week. May natural gas is down 2.11% on the week which would be the second weekly lower close in a row. Downtrend line resistance comes in today at \$3.190 for today's trade with support at \$3.114, followed by \$3.042.

### 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
4/14/2017	54	2115	-368	23	15.4%	24.9%

#### TODAY'S MARKET IDEAS:

As indicated in both crude and product market coverage today, it is premature to call for an end to the slide in prices that started six days ago but the tone of the markets have shifted more in favor of the bull camp. While it is possible that definitive dialogue on an output cut extension could provide a bounce we think that issue has lost most its capacity to drive prices higher. Clearly the markets this week saw favorable demand readings from Asia and Europe but mostly level to soft US demand results. In conclusion, we look to even number support of \$50 in June crude oil and the round number of \$1.65 in gasoline as near term lows for the current slide.

#### 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 (JUN) 04/21/2017:** Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is now at 49.90. The next area of resistance is around 51.05 and 51.65, while 1st support hits today at 50.17 and below there at 49.90.

**HEATING OIL (MAY) 04/21/2017:** The close below the 40-day moving average is an indication the longer-term trend has turned down. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. A negative signal for trend short-term was given on a close under the 9-bar moving average. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 156.05. The next area of resistance is around 158.85 and 160.16, while 1st support hits today at 156.79 and below there at 156.05.

**RBOB GAS (MAY) 04/21/2017:** Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The market's short-term trend is negative as the close remains below the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The next

downside target is now at 164.70. The next area of resistance is around 168.01 and 169.02, while 1st support hits today at 165.85 and below there at 164.70.

NATURAL GAS (MAY) 04/21/2017: The downside crossover of the 9 and 18 bar moving average is a negative signal. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market's close below the 9-day moving average is an indication the short-term trend remains negative. It is a slightly negative indicator that the close was under the swing pivot. The next downside objective is now at 3.085. The next area of resistance is around 3.205 and 3.254, while 1st support hits today at 3.121 and below there at 3.085.

## 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>										
CLAM7	50.61	36.36	41.91	71.67	52.31	51.86	52.72	51.64	51.83	52.53
CLAN7	50.97	36.28	41.88	71.92	52.60	52.21	53.05	51.98	52.15	52.84
HOAK7	157.82	39.84	45.47	72.93	56.76	1.60	1.63	1.60	1.59	1.60
HOAM7	158.47	39.73	45.36	73.43	57.34	1.61	1.63	1.60	1.59	1.61
RBAK7	166.93	37.96	42.98	62.35	43.12	1.69	1.72	1.70	1.69	1.71
RBAM7	167.02	36.75	42.19	64.05	44.21	1.69	1.72	1.70	1.69	1.72
NGAK7	3.163	47.85	50.08	40.32	30.28	3.16	3.19	3.20	3.07	3.12
NGAM7	3.255	49.48	51.34	42.64	33.80	3.25	3.27	3.28	3.15	3.19

Calculations based on previous session. Data collected 04/20/2017

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>						
CLAM7	Crude Oil	49.89	50.16	50.77	51.05	51.65
CLAN7	Crude Oil	50.25	50.52	51.13	51.41	52.01
HOAK7	Heating Oil	156.04	156.79	158.10	158.85	160.16
HOAM7	Heating Oil	156.57	157.35	158.79	159.57	161.01
RBAK7	RBOB Gas	164.70	165.85	166.86	168.01	169.02
RBAM7	RBOB Gas	164.76	165.88	167.04	168.16	169.32
NGAK7	Natural Gas	3.084	3.120	3.169	3.205	3.254
NGAM7	Natural Gas	3.183	3.216	3.261	3.294	3.339

Calculations based on previous session. Data collected 04/20/2017

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