



## DAILY ENERGY COMPLEX COMMENTARY

Friday November 25, 2016

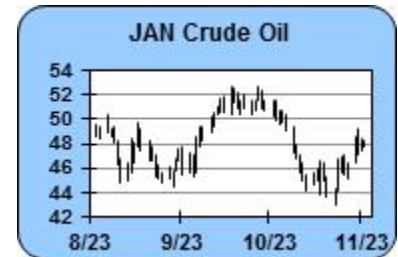
### DAILY ENERGY COMPLEX COMMENTARY

11/25/16

#### Vulnerable status despite favorable Asian demand news

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**CRUDE -61, HEATING OIL -145, UNLEADED GAS -176**

**CRUDE OIL MARKET FUNDAMENTALS:** The energy market is giving off a negative early tilt in the face of minimally negative vibes toward physical/industrial commodities. The market seems to be operating under the idea that the Producers reduction agreement is in doubt by the trade. We are a little surprised that a weekly decline in US crude oil stocks, cold weather and positive animal spirits weren't able to cushion energy prices this morning. Critical support comes in at \$47.17 in January crude oil but strength in the Dollar is thought to be a drag on overall burgeoning US oil supplies. In looking at the overnight fundamental news flow we would have expected crude oil to have held above the Wednesday lows and perhaps even notched a gain to start. News that Russia has become the main supplier to China, news that China intends to ramp up oil transportation facilities and news that Saudi Aramco intends to ship more oil to Asia in January should be seen as demand positive but perhaps the trade sees the rising Russian imports to China as an issue that might reduce the prospect of Russia contributing to output reductions. Crude stocks at 489.029 million barrels is the highest ever for this week. However, EIA crude stocks fell 1.255 million barrels on the week but they are 32.994 million barrels above year ago levels. Also, crude stocks stand 123.368 million barrels above the five year average. Crude oil imports for the week stood at 7.578 million barrels per day compared to 8.423 million barrels the previous week. The refinery operating rate was 90.80% up, 1.60% from last week compared to 92.00% last year and the five year average of 89.22%.



**PRODUCT MARKET FUNDAMENTALS:** The RBOB market spiked up but failed to hold the highest price-print since November 2nd overnight. However, the market managed the spike up move in the wake of news that weekly gasoline stocks came in at 224 million barrels and that was the highest level for this week since 1990. Furthermore EIA gasoline stocks rose 2.317 million barrels on the week and are now 7.294 million barrels above last year and 14.454 million above the five year average. On the other hand, average total gasoline demand for the past four weeks was up 0.63% compared to last year and that is a slight positive. Gasoline imports came in at 855,000 barrels per day compared to 821,000 barrels the previous week. While the trade hasn't given that much credence to the tightness in heating oil stocks they stand at only 14.712 million barrels and that is the lowest for this week since 2015. EIA heating oil stocks fell 12,000 barrels and are 698,000 barrels below last year and 8.699 million below the five year average. While heating oil stocks are tight, EIA distillate stocks rose 327,000 barrels this week and stand at 7.875 million barrels above last year and 26.056 million above the five year average. Distillate imports came in at 136,000 barrels per day compared to 169,000 barrels the previous week. Average total distillate demand for the past four weeks was up 1.89% compared to last year.

**NATURAL GAS:** In addition to favorable Charts in Natural gas and more seasonal weather the natural gas market saw very positive demand news overnight which suggested that Asia was set to see its LNG demand and imports rise sharply ahead. However, January Natural gas to start this morning has a quasi-double-top on its charts at \$3.1760. Fortunately for the bull camp the (early release of) weekly natural gas storage report showed a draw of 2 bcf. Total storage stands at 4045 bcf or 6.3% above the 5 year average. Over the last four weeks natural gas storage has increased 136 bcf.

### TODAY'S MARKET IDEAS:

The charts lean bearish in Crude oil but one would think economic optimism and favorable Chinese energy news overnight would have supported prices better. However, there doesn't appear to be much in the way of fresh oil producer reduction talk in the headlines and that might disappoint the trade especially after the energy market has factored in some reduction for most of the last 3 weeks. Up-trend channel support in the January crude oil contract was violated early this morning at \$47.41

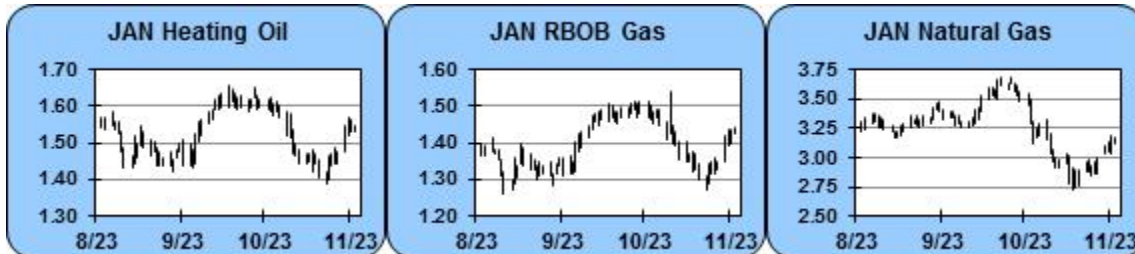
### NEW RECOMMENDATIONS:

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 (JAN) 11/25/2016:** The market back below the 60-day moving average suggests the longer-term trend could be turning down. The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The near-term upside target is at 48.96. The next area of resistance is around 48.47 and 48.96, while 1st support hits today at 47.45 and below there at 46.91.

**HEATING OIL (JAN) 11/25/2016:** Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market tilt is slightly negative with the close under the pivot. The next upside objective is 157.15. The next area of resistance is around 154.95 and 157.15, while 1st support hits today at 151.77 and below there at 150.79.

**RBOB GAS (JAN) 11/25/2016:** Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 145.92. The next area of resistance is around 144.45 and 145.92, while 1st support hits today at 140.61 and below there at 138.23.

**NATURAL GAS (JAN) 11/25/2016:** The moving average crossover up (9 above 18) indicates a possible developing short-term uptrend. 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 outside day up is somewhat positive. A positive setup occurred with the close over the 1st swing resistance. The near-term upside objective is at 3.269. The next area of resistance is around 3.217 and 3.269, while 1st support hits today at 3.075 and below there at 2.984.

### DAILY TECHNICAL STATISTICS

CLOSE 9 DAY 14 DAY 14 DAY 4 DAY 9 DAY 18 DAY 45 DAY 60 DAY

	RSI	RSI	SLOW STOCH D	SLOW STOCH K	M AVG	M AVG	M AVG	M AVG	M AVG	
<b>ENERGY COMPLEX</b>										
CLAF7	47.96	59.29	53.59	56.66	71.04	47.65	46.35	46.11	48.50	48.00
CLAG7	48.87	61.02	54.81	57.49	72.29	48.48	47.12	46.82	49.10	48.60
HOAF7	153.36	61.28	55.15	49.02	66.40	1.52	1.47	1.48	1.54	1.52
HOAG7	154.93	61.53	55.32	49.19	67.14	1.53	1.49	1.49	1.55	1.53
RBAF7	142.53	63.12	56.66	41.36	61.32	1.40	1.35	1.37	1.42	1.40
RBAG7	143.23	62.90	56.33	44.82	65.03	1.40	1.36	1.38	1.43	1.41
NGAF7	3.146	61.60	53.75	51.77	71.03	3.08	2.97	2.96	3.24	3.26
NGAG7	3.174	62.09	54.07	52.70	72.08	3.11	3.01	3.00	3.26	3.27

Calculations based on previous session. Data collected 11/23/2016

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>						
CLAF7	Crude Oil	46.90	47.44	47.93	48.47	48.96
CLAG7	Crude Oil	47.84	48.37	48.83	49.36	49.82
HOAF7	Heating Oil	150.79	151.77	153.97	154.95	157.15
HOAG7	Heating Oil	152.42	153.43	155.42	156.43	158.42
RBAF7	RBOB Gas	138.22	140.60	142.07	144.45	145.92
RBAG7	RBOB Gas	139.13	141.38	142.83	145.07	146.53
NGAF7	Natural Gas	2.983	3.074	3.126	3.217	3.269
NGAG7	Natural Gas	3.022	3.108	3.153	3.239	3.284

Calculations based on previous session. Data collected 11/23/2016

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