



## DAILY ENERGY COMPLEX COMMENTARY

Tuesday June 06, 2017

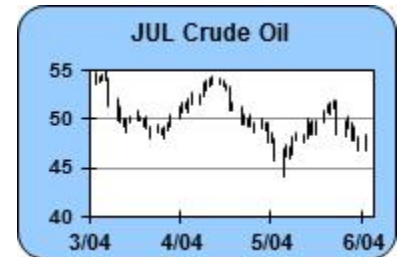
### DAILY ENERGY COMPLEX COMMENTARY

06/06/17

#### The bear camp retains a technical and fundamental edge

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**CRUDE -5, HEATING OIL -17, UNLEADED GAS -34**

**CRUDE OIL MARKET FUNDAMENTALS:** With an attempt to recover failing to hold yesterday and energy prices failing to benefit from fresh tensions between Qatar and many Arab states overnight, it is clear that sentiment in crude oil is not easily shifted away from the bearish tilt. In fact oil prices have not rebounded in the face of news that key Arab states are halting currency trade with Qatar and they also aren't benefiting from the potential disruption of energy flows from Qatar following a review of cash crude pricing benchmarks from Qatar by a major energy consultancy/quote source. Even more surprising is the fact that the market seemed to ignore the possibility of US sanctions against the Venezuelan oil industry yesterday! Clearly industry talk has shifted back toward the burdensome US crude oil and gasoline inventories, and some traders are apparently moving to downgrade demand forecasts because of disappointing US economic data over the prior 3 weeks! Furthermore given talk from a noted commodity analyst that spread pricing in futures contracts are signaling very burdensome supply stretching out far ahead and that analyst also predicting significant declines in prices ahead that should make US inventory data later this week a very key pivot point for prices. In the near term, the bear camp seems to have the psychological, fundamental and technical edge in the daily trade and it will take something positive like additional declines in EIA crude and gasoline stocks or strong implied US gasoline demand readings later this week to begin to right the ship.



**PRODUCT MARKET FUNDAMENTALS:** As opposed to the crude oil complex, the gasoline market on Monday suffered tremendous fresh chart damage and there may be little in the way of support in July gasoline until the \$1.5122 area on the charts. Apparently fresh energy demand concerns, very active US refinery activity (which might build summer gasoline supply quickly) and negative technical signals has given the bear camp newfound confidence. Apparently some traders are anticipating a large build in weekly gasoline stocks from a private source later this week and perhaps similar builds are expected from the Energy Information Agency on Wednesday. Given slackening economic views, political and economic uncertainty (UK and US respectively) and the potential for more spillover pressure from crude oil, we can't rule out a near term slide below \$1.50 in July RBOB.

**NATURAL GAS:** July natural gas traded down to \$2.935, the lowest level since February 28th yesterday off spillover pressure from crude oil, sagging economic views and ongoing talk of rising US gas production. In fact, the trade and Press yesterday were touting the evidence of burdensome supply and talk that natural gas was once again losing market share to coal. While temperatures will be below normal from Maine to Florida as well as the Midwest for the first week of June, the National Weather Service is forecasting above normal temperatures from June 10th through 18th for the entire eastern two thirds of the US which should increase cooling demand next week. For now though, there is talk of a "triple digit" injection (above 100 bcf) into gas storage this week which is weighing on the market. July natural gas almost traded down to the \$2.888 level which is the low from February 28th. This still remains the target for the bear camp, but stochastics and the RSI remain oversold. The market is becoming more balanced and pushing the short side from here could be dangerous. Close-in support is at \$2.888 with resistance at \$3.095 followed by \$3.133.

### TODAY'S MARKET IDEAS:

With the short covering rally on Monday back above the Friday high failing to hold, we get the sense that crude oil has corrected the oversold condition enough to set the stage for a fresh downside extension and at least a temporary probe back below \$46. In order to turn the tide around requires some salient supply threat in the Middle East, a July crude oil trade back above \$48.42 or ideas that crude stocks are likely to forge another outsized decline on Tuesday afternoon or on Wednesday morning.

### 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 (JUL) 06/06/2017:** The downside crossover of the 9 and 18 bar moving average is a negative signal. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The market could take on a defensive posture with the daily closing price reversal down. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 45.94. The next area of resistance is around 48.13 and 49.05, while 1st support hits today at 46.57 and below there at 45.94.

**HEATING OIL (JUL) 06/06/2017:** Daily stochastics declining into oversold territory suggest the selling may be drying up soon. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day down is a negative signal. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 141.89. With a reading under 30, the 9-day RSI is approaching oversold levels. The next area of resistance is around 148.59 and 151.97, while 1st support hits today at 143.55 and below there at 141.89.

**RBOB GAS (JUL) 06/06/2017:** 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. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is 149.52. The next area of resistance is around 156.41 and 160.47, while 1st support hits today at 150.94 and below there at 149.52.

**NATURAL GAS (JUL) 06/06/2017:** Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. It is a slightly negative indicator that the close was under the swing pivot. The next downside target is 2.872. Some caution in pressing the downside is warranted with the RSI under 30. The next area of resistance is around 3.032 and 3.095, while 1st support hits today at 2.920 and below there at 2.872.

### DAILY TECHNICAL STATISTICS

CLOSE 9 DAY 14 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>										
CLAN7	47.35	33.96	38.50	44.28	27.39	47.92	49.21	49.22	50.04	49.92
CLAQ7	47.52	33.75	38.30	43.84	26.91	48.15	49.45	49.48	50.30	50.18
HOAN7	146.07	28.79	35.11	43.51	23.78	1.49	1.54	1.54	1.55	1.55
HOAQ7	147.01	28.81	35.11	43.73	23.92	1.50	1.55	1.54	1.56	1.56
RBAN7	153.68	31.72	37.32	54.82	34.17	1.58	1.61	1.60	1.62	1.62
RBAQ7	152.96	31.04	36.88	52.59	32.20	1.57	1.60	1.59	1.61	1.61
NGAN7	2.976	24.79	31.73	11.80	6.68	3.01	3.16	3.27	3.30	3.29
NGAQ7	3.018	24.55	31.66	12.43	7.10	3.06	3.20	3.30	3.34	3.32

Calculations based on previous session. Data collected 06/05/2017

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>						
CLAN7	Crude Oil	45.93	46.57	47.49	48.13	49.05
CLAQ7	Crude Oil	46.12	46.74	47.68	48.30	49.24
HOAN7	Heating Oil	141.89	143.55	146.93	148.59	151.97
HOAQ7	Heating Oil	142.89	144.54	147.83	149.48	152.77
RBAN7	RBOB Gas	149.51	150.94	154.99	156.41	160.47
RBAQ7	RBOB Gas	148.99	150.41	154.09	155.51	159.19
NGAN7	Natural Gas	2.871	2.920	2.983	3.032	3.095
NGAQ7	Natural Gas	2.918	2.964	3.025	3.071	3.132

Calculations based on previous session. Data collected 06/05/2017

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