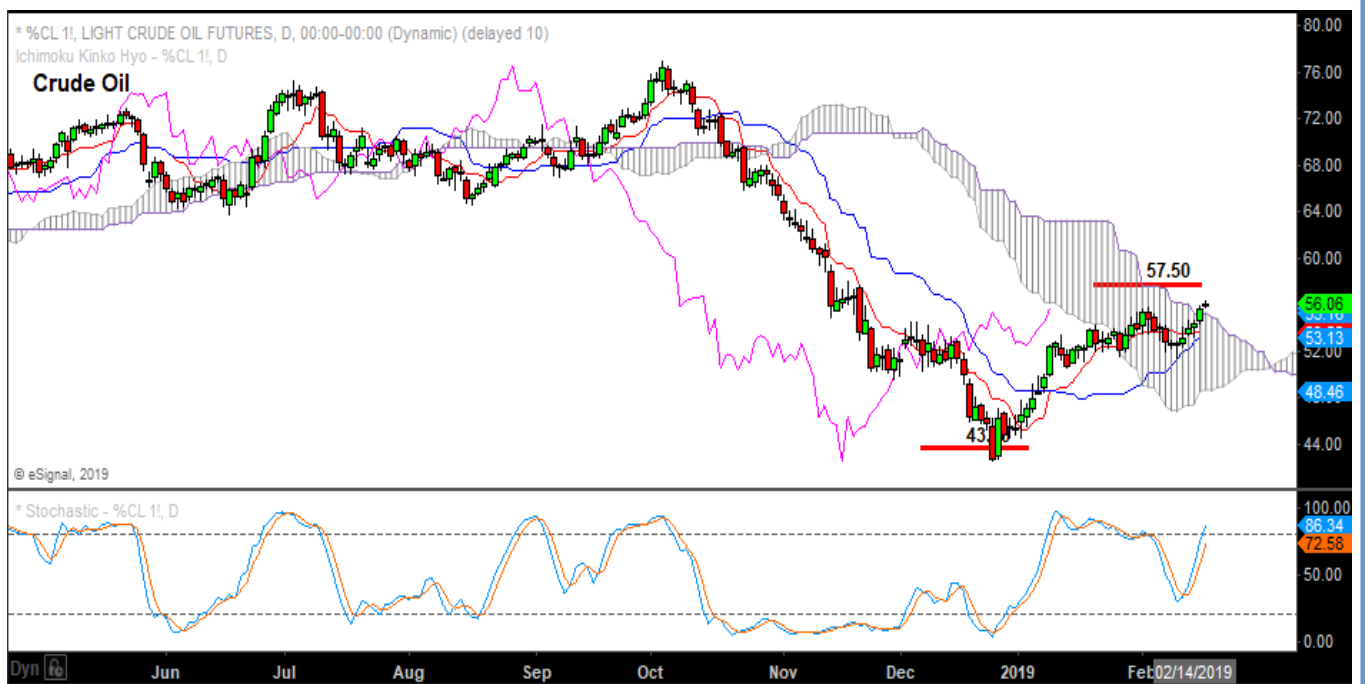


# Long & Short

## In the news:

- US-China trade talks continue to show little movement in either direction. The end of February deadline has effectively been voided as negotiations crawl forward.
- There is news that the Mueller probe is close to an end. While the announcement will obviously create volatility in the markets, I would be looking to buy any big dips. I expect the eventual result to be bullish for the equity markets by removing a big uncertainty. And keep in mind that whatever the conclusion is, the output of the probe is going to be just a “memo” with no action, leaving it up to Congress where nothing gets done anyways.

## Market Analysis



**Crude Oil:** We continue to work our way up to the \$57.50 target. There is potential for a divergence to develop here, but it is not a clean one. That tells me there is a good chance we could breach the \$57.50 level. If we do, the next resistance level is at \$59.75.

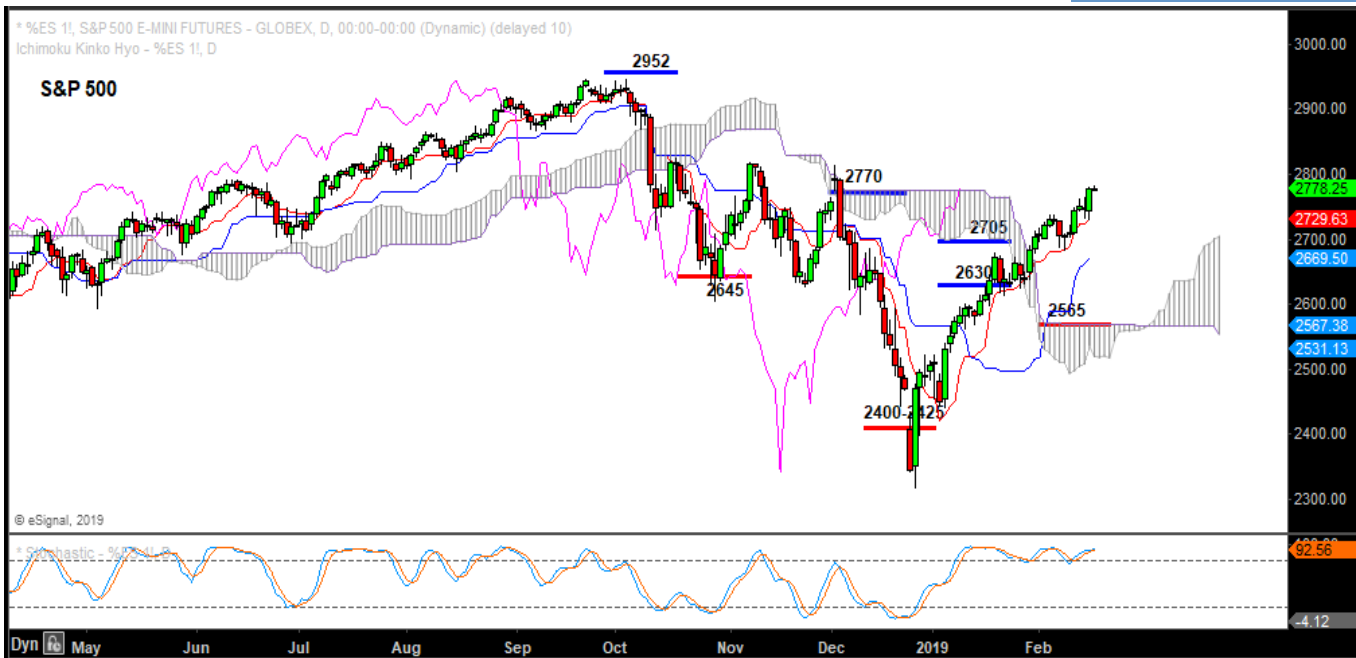


**Natural Gas:** The \$2.55-\$2.60 support area is holding and the daily chart shows a divergence with a double bottom. This would be a good level to go long this contract with a stop below \$2.50. We may not see big spikes, but it is good risk-reward nonetheless. Seasonality should also help this time of the year for a recovery.

Storage currently at 1,882 Bcf after a 78 Bcf withdrawal for the week ending February 8, 2019. Natural gas storage level is now 30 Bcf below last year's level and 333 Bcf below the 5-year average.

**Power:**

Monthly Day-Ahead Peak Fixed Price Futures Settlements in \$/MWh															
Contract	PJM West Hub			MISO Indiana Hub			NYISO Zone J			ERCOT North			CAISO SP-15		
	02/14/19	01/31/19	Change	02/14/19	01/31/19	Change	02/14/19	01/31/19	Change	02/14/19	01/31/19	Change	02/14/19	01/31/19	Change
Mar-19	34.65	37.65	(3.00)	32.45	33.55	(1.10)	38.95	43.50	(4.55)	26.92	28.73	(1.81)	47.00	35.75	11.25
Apr-19	35.75	36.75	(1.00)	34.60	35.75	(1.15)	38.20	40.90	(2.70)	27.27	28.69	(1.42)	31.35	29.25	2.10
May-19	36.20	37.20	(1.00)	36.15	36.50	(0.35)	35.50	37.00	(1.50)	32.78	35.06	(2.28)	29.35	28.45	0.90
Jun-19	35.15	35.65	(0.50)	35.25	35.35	(0.10)	37.75	38.55	(0.80)	47.46	50.60	(3.14)	41.10	41.00	0.10
Jul-19	39.60	40.25	(0.65)	39.55	40.10	(0.55)	47.65	48.80	(1.15)	103.88	106.59	(2.71)	61.45	60.95	0.50
Aug-19	37.20	37.05	0.15	37.15	36.90	0.25	42.80	43.00	(0.20)	171.10	175.57	(4.47)	69.10	65.45	3.65
Sep-19	36.65	36.95	(0.30)	37.30	37.25	0.05	40.00	40.10	(0.10)	40.13	41.60	(1.47)	50.65	50.45	0.20
Oct-19	34.70	34.75	(0.05)	35.35	34.90	0.45	35.75	35.80	(0.05)	30.01	30.90	(0.89)	43.00	42.70	0.30
Nov-19	34.95	35.10	(0.15)	34.65	34.50	0.15	39.35	40.25	(0.90)	25.23	26.07	(0.84)	41.75	41.60	0.15
Dec-19	37.90	38.25	(0.35)	35.90	35.70	0.20	50.95	51.20	(0.25)	25.21	26.20	(0.99)	45.75	44.85	0.90
Jan-20	51.35	51.10	0.25	40.65	40.15	0.50	70.50	69.10	1.40	30.67	32.44	(1.77)	45.10	45.00	0.10
Feb-20	48.55	48.60	(0.05)	37.45	37.20	0.25	66.45	67.20	(0.75)	30.84	32.42	(1.58)	43.10	43.00	0.10



**S&P 500:** The market continues to rally and we are at one of the highly traded areas over the past six months. 2772 is also the 62% retracement level of the drop from last October. This is likely to see good resistance. I expect a consolidation sideways move in the short-term with 2565 holding support.



**Gold:** Out of long position, and no trade at this time. It looks like we may get a good opportunity to sell, if this develops into a divergence.



**Soybean:** Our long trade is taking its own sweet time to develop, just like the China trade talks it depends on.



**Advisory services for:**  
*Asset management and optimization*  
*Asset valuation*  
*Due diligence*  
*Risk assessment and management*  
*Trading and Structuring*  
*Infrastructure development*  
*Market Analysis*



[www.clonecap.com](http://www.clonecap.com)  
[anand@clonecap.com](mailto:anand@clonecap.com)  
(832) 969 3206