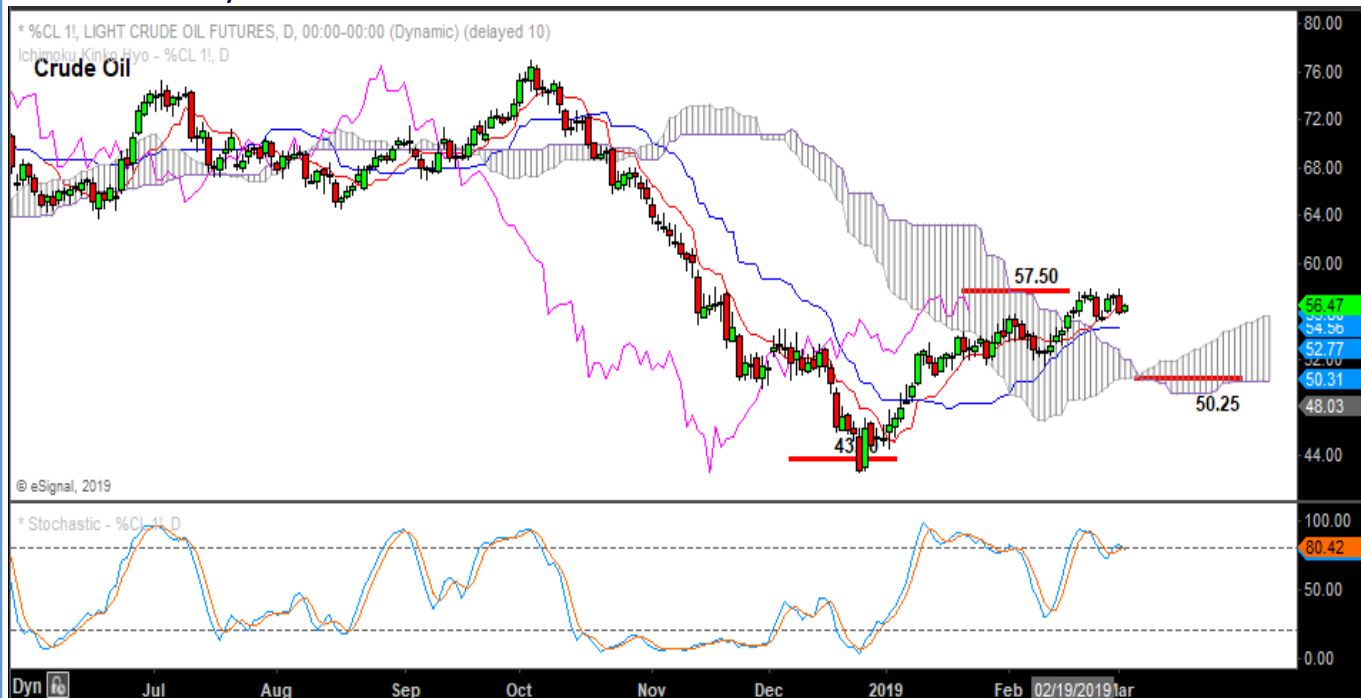


# Long & Short

## In the news:

- US-China trade talks seem to be progressing well even though we missed the March 1 deadline. An agreement now seems imminent. Although unlikely to be game-changing, it sure will remove one of the biggest uncertainties in the market.
- Wednesday will mark the 10-year anniversary of the S&P 666 low of 2009. We've had quite a bull run, but looks like we may have another inning or two left in this game. Friday's employment report for February will be closely watched for strength to justify the high 2's growth rates expected for Q2.

## Market Analysis



**Crude Oil:** We reached our \$57.50 target and formed a nice topping pattern. It didn't look promising a week ago but now we have a textbook divergence setup, which gives us a good short trade here. The first target below is \$50.25 with a possible breach to \$48.50. Stop level for the short position is a close or two above \$57.50. OPEC continues to deliver on the production cut numbers, although weakness in Asian demand could outweigh that on fundamentals.

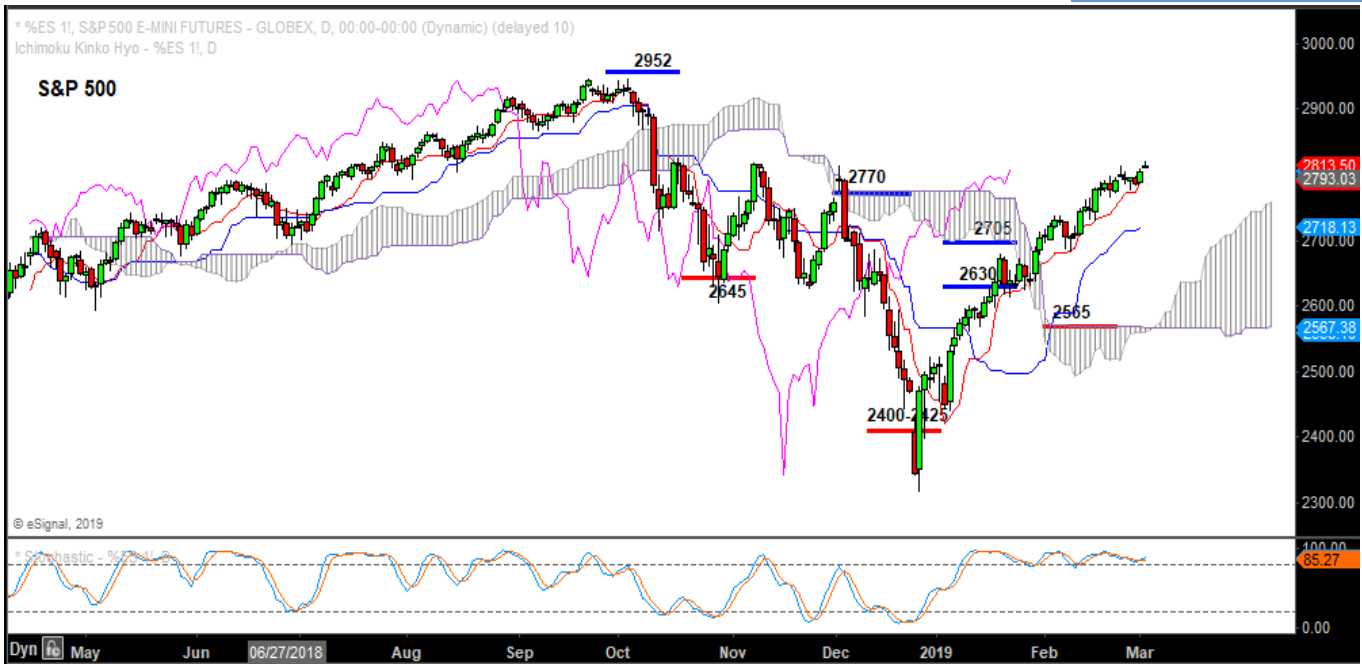


**Natural Gas:** Our long trade gave us a quick 30c pickup which is a level to take profits in the current low volatility phase. Prices are extended already, but I do see support now at \$2.70 where a long re-entry would make sense.

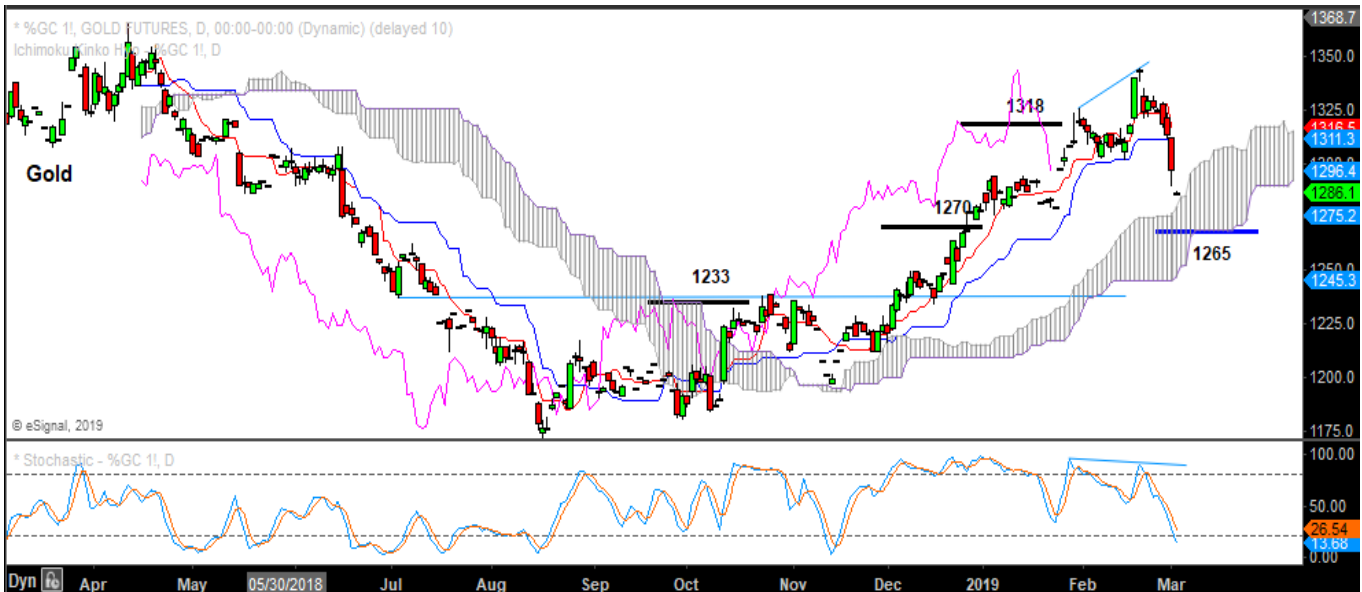
Storage currently at 1,539 Bcf after a 166 Bcf withdrawal for the week ending February 22, 2019. Natural gas storage level is now 154 Bcf below last year's level and 424 Bcf below the 5-year average. Spot gas prices in Northwest Sumas (WA) hit a crazy \$200/MMBtu for weekend and Monday delivery. 8-14 day forecast however is starting to trend warmer.

**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		
	Month	02/28/19	02/14/19	Change	02/28/19	02/14/19	Change	02/28/19	02/14/19	Change	02/28/19	02/14/19	Change	02/28/19	02/14/19
Apr-19	36.35	35.75	0.60	35.35	34.60	0.75	37.75	38.20	(0.45)	29.13	27.27	1.86	32.00	31.35	0.65
May-19	36.75	36.20	0.55	36.65	36.15	0.50	35.75	35.50	0.25	34.10	32.78	1.32	30.00	29.35	0.65
Jun-19	35.15	35.15	0.00	35.60	35.25	0.35	37.50	37.75	(0.25)	49.85	47.46	2.39	42.50	41.10	1.40
Jul-19	40.50	39.60	0.90	40.20	39.55	0.65	48.85	47.65	1.20	106.94	103.88	3.06	67.25	61.45	5.80
Aug-19	38.00	37.20	0.80	37.65	37.15	0.50	43.60	42.80	0.80	172.79	171.10	1.69	76.75	69.10	7.65
Sep-19	37.10	36.65	0.45	37.30	37.30	0.00	40.10	40.00	0.10	41.32	40.13	1.19	51.05	50.65	0.40
Oct-19	35.65	34.70	0.95	35.75	35.35	0.40	35.95	35.75	0.20	31.63	30.01	1.62	43.80	43.00	0.80
Nov-19	35.50	34.95	0.55	34.85	34.65	0.20	40.55	39.35	1.20	26.53	25.23	1.30	42.05	41.75	0.30
Dec-19	38.30	37.90	0.40	35.95	35.90	0.05	51.85	50.95	0.90	26.42	25.21	1.21	47.80	45.75	2.05
Jan-20	52.10	51.35	0.75	41.05	40.65	0.40	73.00	70.50	2.50	31.90	30.67	1.23	46.45	45.10	1.35
Feb-20	49.15	48.55	0.60	38.55	37.45	1.10	67.80	66.45	1.35	32.10	30.84	1.26	44.40	43.10	1.30
Mar-20	39.15	38.50	0.65	35.90	34.95	0.95	45.30	44.50	0.80	29.39	28.10	1.29	38.95	37.75	1.20



**S&P 500:** The 2770 area was breached over the past week with no signs of a slowdown in this market. Although this chart is over-extended, we are yet to see a sell signal. Things could get quite volatile over the next couple of weeks with a few big events to watch—unemployment numbers on Friday, China trade agreement looking imminent, and likely Mueller report. I prefer to stay on the sideline for short term futures trading, and wait for the dust to settle.



**Gold:** We got the divergence and the sell signal. I would close short position near the 1265 support area. Similar to equities, we should see volatility in gold in the short-term. Caution is the word for the next couple of weeks. With equities having seen a good run, and gold getting close to support, the odds do favor the short equities/long gold trade to develop.



**Soybean:** Stop on our long trade has moved up to 895. This trade is not working out well in spite of positive tariff rumors coming out over the past two weeks. The divergence forming now would call for adding to our long, but the overall weakness of this chart tells us to keep a small position with a tight stop at this time.



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