

Long & Short

In the news:

- March employment report showed a very strong 196,000 expansion in non-farm payrolls. However wage gain was a lukewarm 0.14%. The payroll number however removed any concerns in the market created by the weak February report, which was revised up from 20,000 to 33,000. JP Morgan kicked off earnings season today with a strong report. So the big mystery now is why the Fed decided to call off any rate hikes for the rest of the year.
- Chevron announced today that it will acquire Anadarko for \$33 billion, \$65 per share. This would make Chevron the 2nd biggest international oil major. It was also reported that Oxy was willing to pay \$70, so we may see some bidding up before the final deal closes. But Anadarko's US and international assets make a great fit for Chevron.

Market Analysis



Crude Oil: We reached our \$63.75 target on Monday and spent the whole week around that level. This is the 62% retracement level of the big drop from October to December of last year. I expect prices to have difficulty breaching this. Having said that, we are not seeing a sell signal yet. I would hold long positions with a stop around \$61.75.



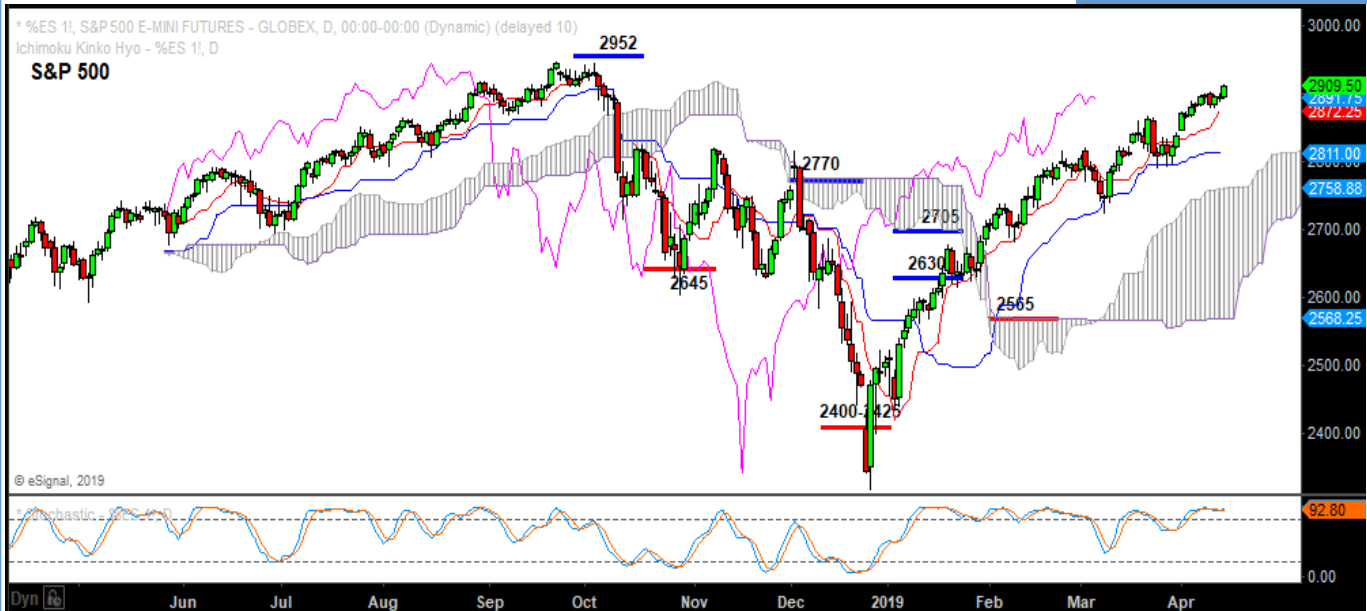
Natural Gas: The sideways pattern continued the last two weeks. No reason yet to enter trades in this contract. Will continue to wait for a clear signal and pickup in volatility.

Storage currently at 1,155 Bcf after a 25 Bcf injection for the week ending April 5, 2019. Natural gas storage level is now 183 Bcf below last year's level and 485 Bcf below the 5-year average.

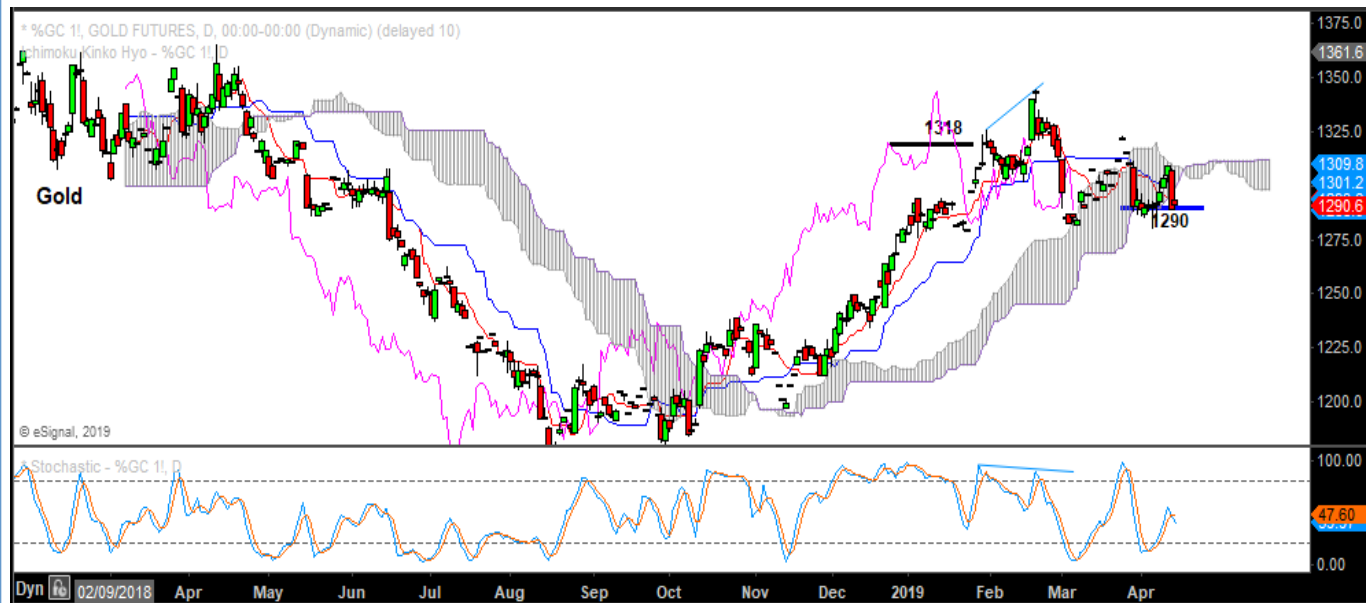
Power:

Monthly Day-Ahead Peak Fixed Price Futures Settlements in \$/MWh

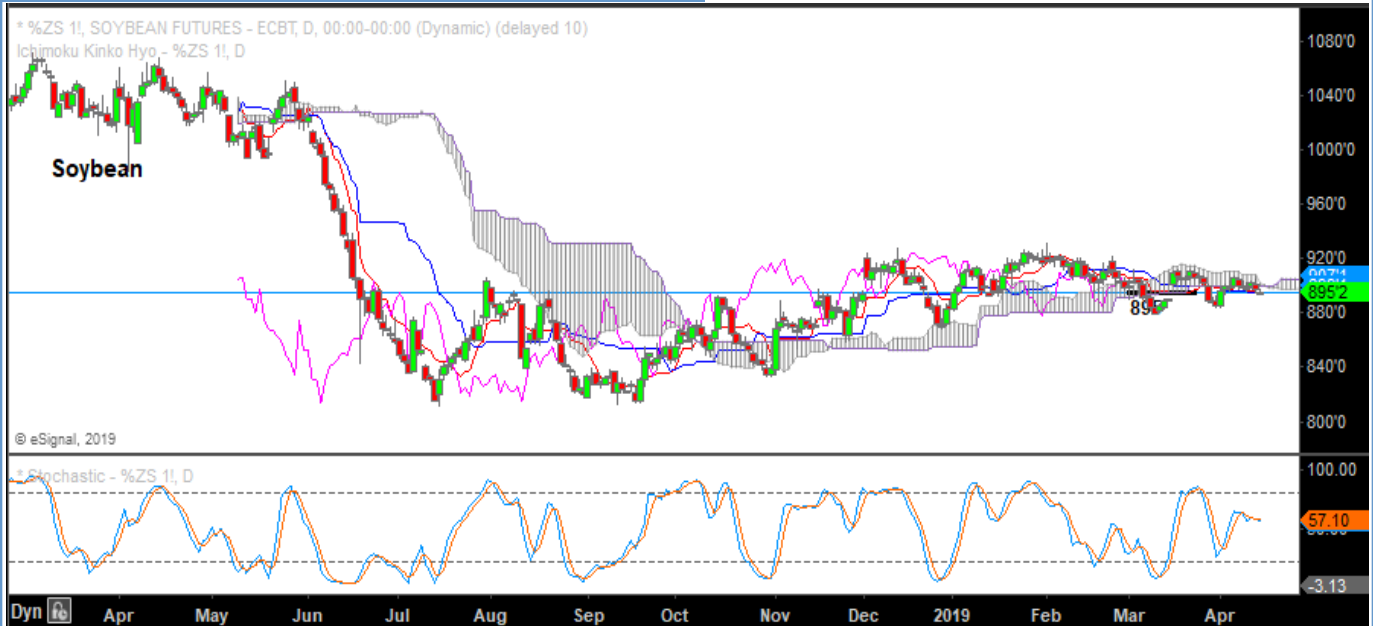
Contract	PJM West Hub			MISO Indiana Hub			NYISO Zone J			ERCOT North			CAISO SP-15		
	04/11/19	03/28/19	Change	04/11/19	03/28/19	Change	04/11/19	03/28/19	Change	04/11/19	03/28/19	Change	04/11/19	03/28/19	Change
May-19	33.75	34.35	(0.60)	35.15	35.15	0.00	33.60	34.60	(1.00)	31.16	32.06	(0.90)	27.50	27.50	0.00
Jun-19	33.55	34.00	(0.45)	34.70	34.05	0.65	36.55	37.10	(0.55)	44.20	45.02	(0.82)	40.00	41.50	(1.50)
Jul-19	39.55	39.65	(0.10)	39.65	39.50	0.15	48.15	48.90	(0.75)	87.96	96.53	(8.57)	68.25	72.55	(4.30)
Aug-19	37.55	37.50	0.05	37.45	37.35	0.10	43.30	43.80	(0.50)	158.95	161.38	(2.43)	76.10	83.55	(7.45)
Sep-19	36.20	36.55	(0.35)	36.60	36.70	(0.10)	38.40	39.60	(1.20)	38.03	38.51	(0.48)	52.50	53.65	(1.15)
Oct-19	34.40	34.65	(0.25)	34.95	34.60	0.35	35.70	36.10	(0.40)	30.62	30.98	(0.36)	43.50	45.05	(1.55)
Nov-19	34.90	35.00	(0.10)	34.45	33.90	0.55	40.25	40.80	(0.55)	25.81	25.81	0.00	41.10	42.90	(1.80)
Dec-19	38.15	38.10	0.05	35.85	35.25	0.60	52.15	52.25	(0.10)	25.70	25.70	0.00	48.25	49.50	(1.25)
Jan-20	53.30	51.75	1.55	41.95	40.85	1.10	75.95	73.90	2.05	32.06	31.46	0.60	49.55	47.10	2.45
Feb-20	50.35	48.85	1.50	39.40	38.35	1.05	70.45	68.50	1.95	31.67	31.61	0.06	45.60	44.95	0.65
Mar-20	38.15	37.95	0.20	35.00	34.95	0.05	45.80	45.25	0.55	29.13	29.01	0.12	37.85	38.65	(0.80)
Apr-20	34.15	34.35	(0.20)	33.70	33.90	(0.20)	38.20	38.70	(0.50)	27.21	26.91	0.30	25.35	25.15	0.20



S&P 500: Equities continued to trek higher, with additional help from a strong employment report for March that removed any doubts caused by the weak February number. Hold on to those longs. Support now at 2825. We are likely to take out the all time highs at 2944.75, but I do expect some consolidation around here given the overbought conditions.



Gold: Prices bounced briefly at the 1290 level but we are challenging it again. I do expect it to break below on this attempt. The daily chart is now in bearish territory.



Soybean: Still no trade, but this market is getting ready for a move. I would get long if prices can move above and hold the 905 level. The forward curve currently supports a carry trade which is rare this time of the year —encouraging farmers to store the grain instead of selling now. This should provide support for prices.



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