

# Long & Short

## In the news:

- US economy grew by 3.2% in Q1, beating expectations of 2.5% handily. Overall the economy continues its trend of many years to grow steadily. Any bad data, like the February jobs report, have been just outliers rather than reasons to get concerned. With election season at least with primaries starting to heat up, I expect the Administration to do all it takes to keep this going. There will be brief pullbacks in a trending market, which is only a good thing that attracts more investors off the sidelines.
- Non-market prediction of the week—Rockets in 6 against the Warriors. Its going to be a stressful two weeks. Go Rockets!

## Market Analysis



**Crude Oil:** Prices managed to breach the \$63.75 level mentioned in the last report and setup a divergence that gave a good sell signal. Today's drop of course was a function of Trump's tweet about his call to OPEC. Always great to have news that goes hand in hand with critical chart levels. I had mentioned stop at \$61.75 on long positions, drop below that would be a break of the long time channel, activating the \$58 target. So bulls need to hold that level to prevent more damage.

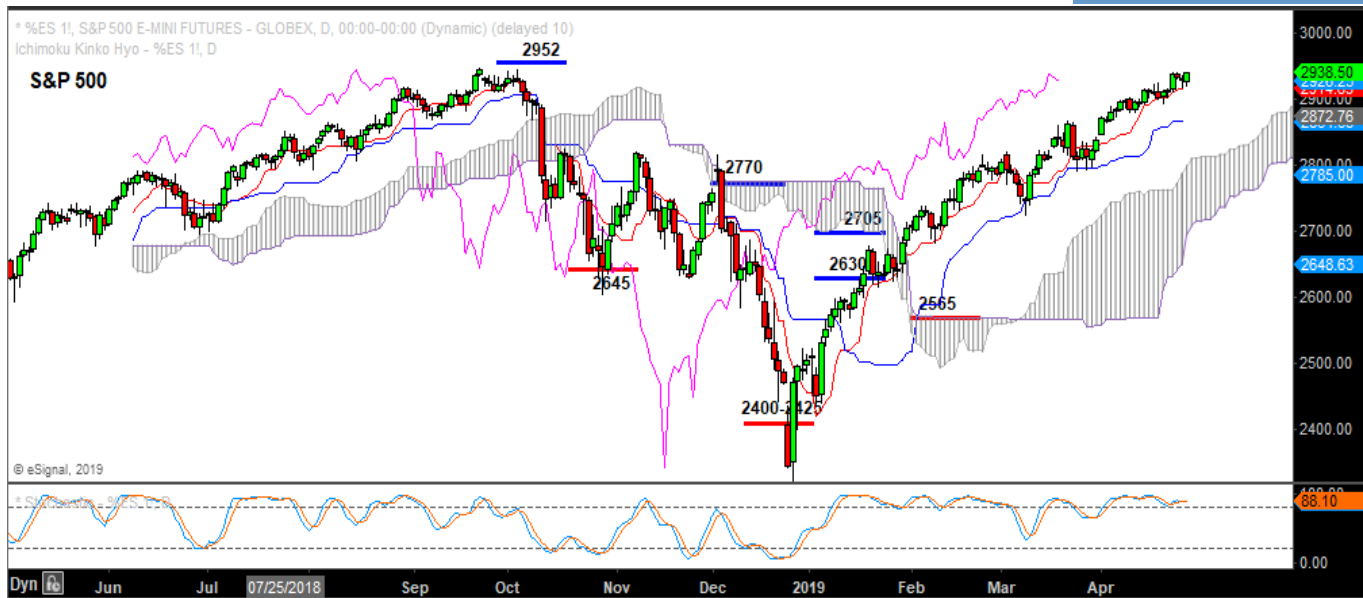


**Natural Gas:** Prices are seeing a brief bounce from the \$2.45 low but the trend is still bearish. We will need to break above and hold the \$2.65-\$2.70 level for things to look better on this chart.

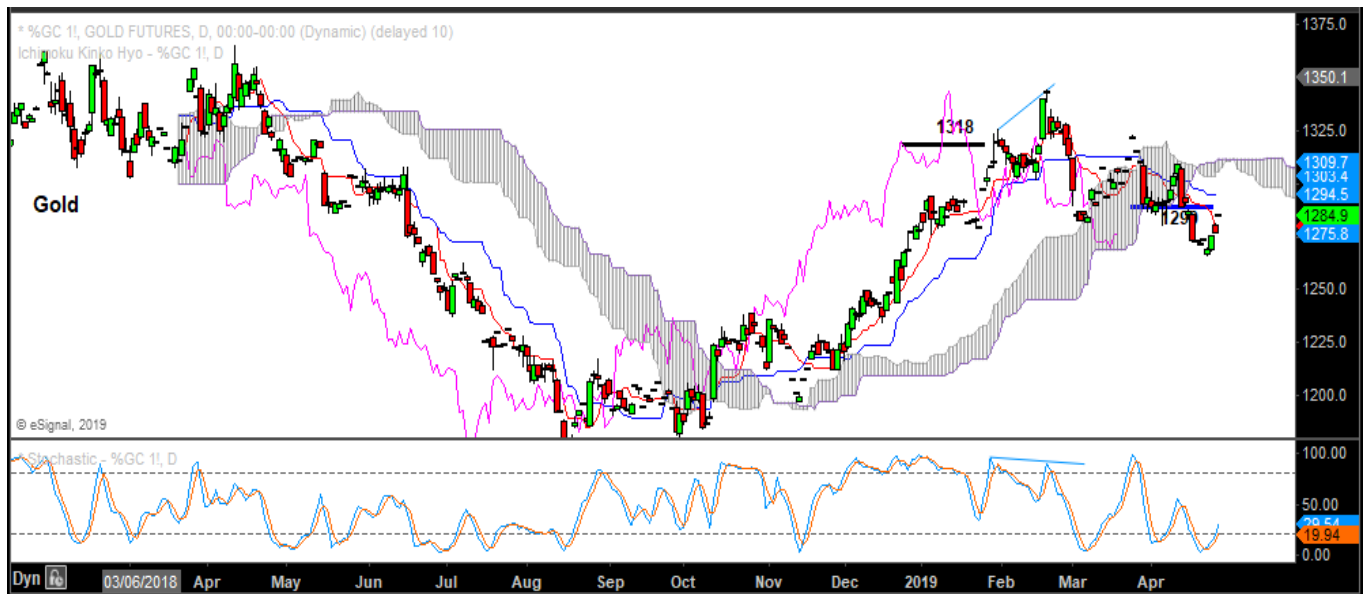
Storage currently at 1,339 Bcf after a 92 Bcf injection for the week ending April 19, 2019. Natural gas storage level is now 55 Bcf above last year’s level and 369 Bcf below the 5-year average. Notice that we are now tracking above last year’s level already. I would expect any hurricane activity this year to be bearish for prices due to demand destruction—both residential as well as suspensions of LNG loading.

**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		
	04/25/19	04/11/19	Change	04/25/19	04/11/19	Change	04/25/19	04/11/19	Change	04/25/19	04/11/19	Change	04/25/19	04/11/19	Change
Jun-19	32.70	33.55	(0.85)	34.35	34.70	(0.35)	35.60	36.55	(0.95)	42.97	44.20	(1.23)	38.30	40.00	(1.70)
Jul-19	38.40	39.55	(1.15)	38.70	39.65	(0.95)	46.95	48.15	(1.20)	85.20	87.96	(2.76)	71.60	68.25	3.35
Aug-19	36.50	37.55	(1.05)	36.70	37.45	(0.75)	42.60	43.30	(0.70)	152.71	158.95	(6.24)	80.25	76.10	4.15
Sep-19	35.20	36.20	(1.00)	36.25	36.60	(0.35)	36.20	38.40	(2.20)	36.80	38.03	(1.23)	55.10	52.50	2.60
Oct-19	33.60	34.40	(0.80)	34.45	34.95	(0.50)	34.55	35.70	(1.15)	29.25	30.62	(1.37)	41.85	43.50	(1.65)
Nov-19	34.25	34.90	(0.65)	34.25	34.45	(0.20)	38.90	40.25	(1.35)	24.91	25.81	(0.90)	39.35	41.10	(1.75)
Dec-19	37.50	38.15	(0.65)	35.45	35.85	(0.40)	51.80	52.15	(0.35)	24.68	25.70	(1.02)	48.70	48.25	0.45
Jan-20	51.75	53.30	(1.55)	41.10	41.95	(0.85)	76.95	75.95	1.00	31.20	32.06	(0.86)	47.80	49.55	(1.75)
Feb-20	48.85	50.35	(1.50)	38.65	39.40	(0.75)	71.55	70.45	1.10	30.65	31.67	(1.02)	43.95	45.60	(1.65)
Mar-20	37.70	38.15	(0.45)	34.80	35.00	(0.20)	45.55	45.80	(0.25)	28.54	29.13	(0.59)	36.55	37.85	(1.30)
Apr-20	33.65	34.15	(0.50)	33.45	33.70	(0.25)	36.85	38.20	(1.35)	26.60	27.21	(0.61)	24.65	25.35	(0.70)
May-20	33.75	35.30	(1.55)	33.65	34.80	(1.15)	33.85	39.55	(5.70)	29.58	27.25	2.33	24.70	24.10	0.60



**S&P 500:** Continue to stay long. Prices tracking our expectations here with equities attacking all time highs. With earnings and economic growth continuing to show strength, we are likely to breach this level. But I still do expect at least a consolidation, if not a brief pull back shortly given overextended levels on the daily, weekly and monthly charts. Unless Kudlow is successful in making his strange argument to lower rates after a 3.2% economic growth number!



**Gold:** We did end up breaking below the 1290 level as expected. Any bounce on this chart should provide opportunities to sell.



**Soybean:** Our plan still is to get long this contract only if we get above 905. Prices however continue to be quite bearish. I would be hesitant to short this contract even though it is in bearish territory—as Democratic primary candidates start traversing Iowa and start capitalizing on the weakness in grain prices due to tariffs, I would expect some bold moves from the Trump administration to help prices, through China talks or otherwise.



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