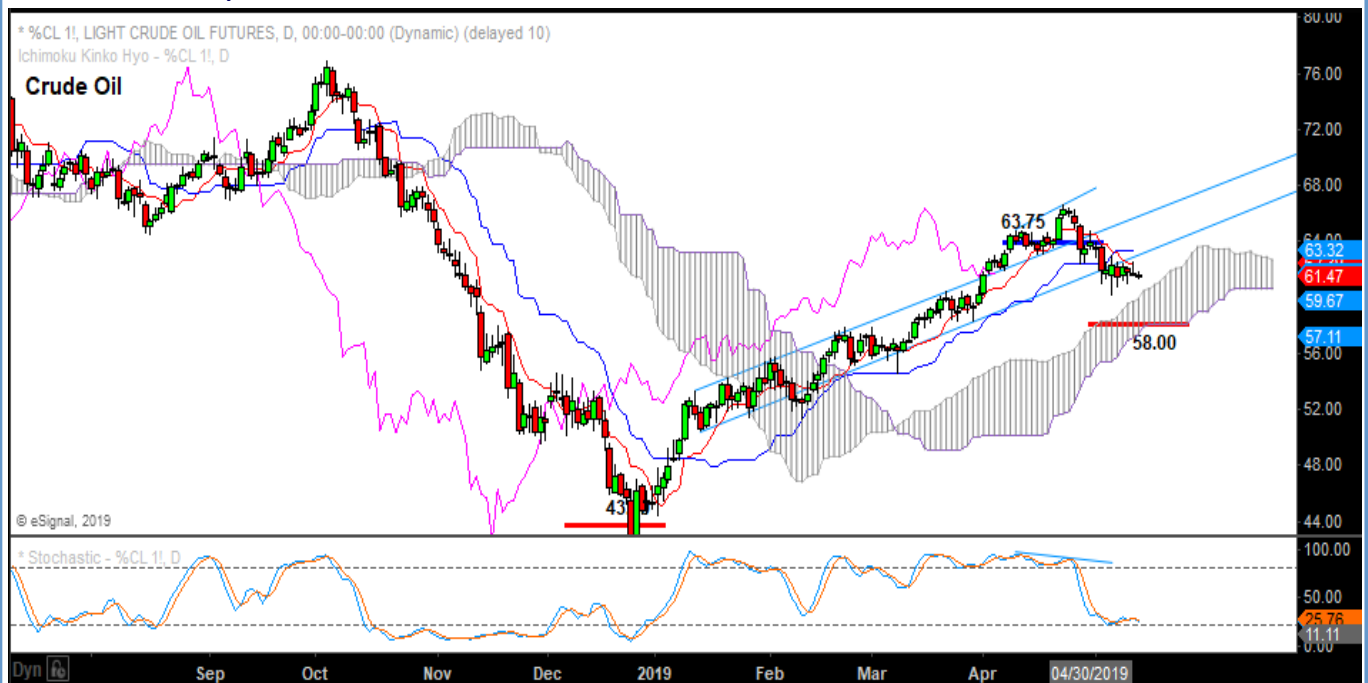


Long & Short

In the news:

- The US-China tariff talks rapidly broke down last week right after things were pointing to a quick resolution. The statement from China tonight “At no time will China forfeit the country’s respect, and no one should expect China to swallow bitter fruit that harms its core interests” is quite strong and makes me think they are ready to play the long game. Delaying a resolution past this Summer would strengthen China’s position. They may also be emboldened by their ability to use stimulus to protect growth. Based on two recent studies, there has been no negative impact on prices charged by Chinese manufacturers on goods that are subject to new US tariffs—so we are taking on the entire price impact of the tariffs.

Market Analysis



Crude Oil: The \$61.75 critical level mentioned in the last report is where the market has traded around the last six trading days. \$58.00 still the target/support if we break below. I expect prices to hold in bullish trend with fundamentals in favor of higher prices primarily with the situations in Iran and Venezuela.

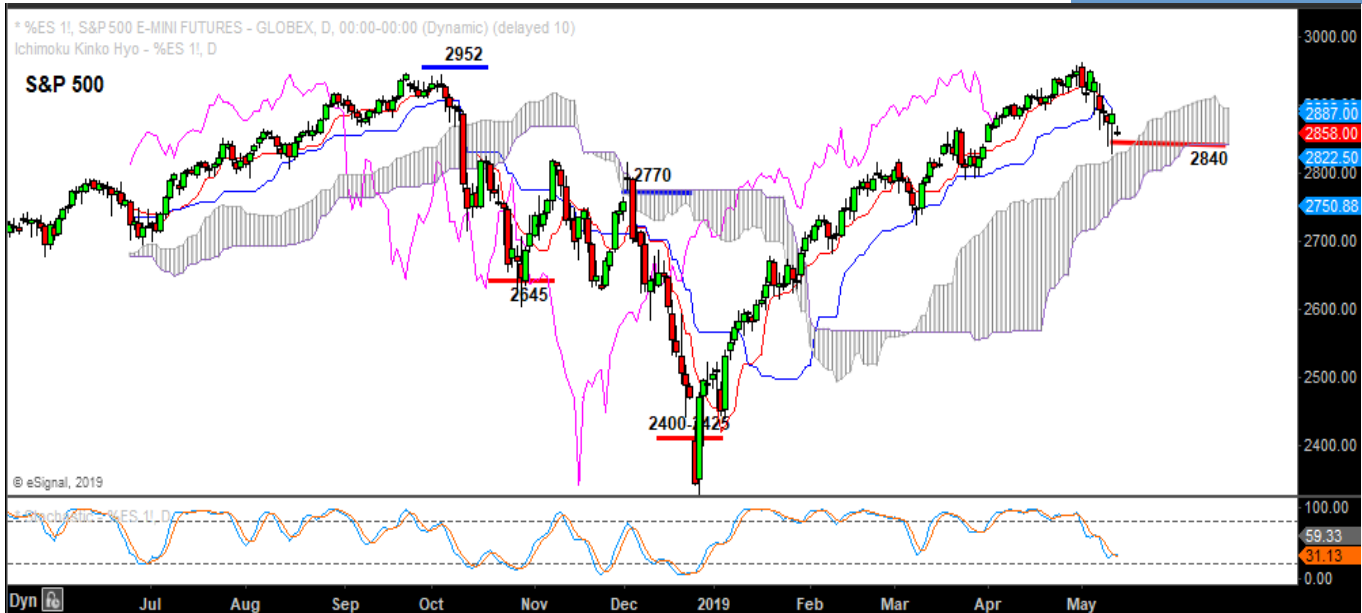


Natural Gas: Prices traded in a 10c range the past two weeks, currently at \$2.61. We are still in the bearish trend, and will need to get above \$2.70 to turn things around. Despite the range bound trading, stochastics are now overbought which does not help prices.

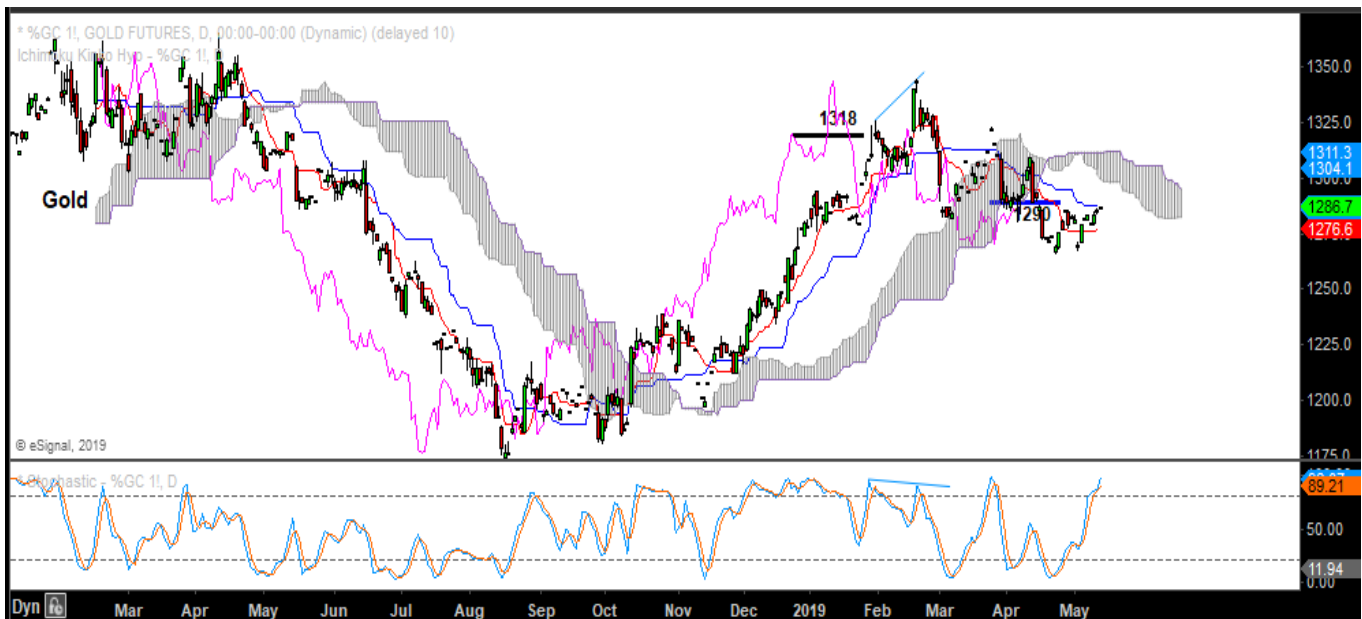
Storage currently at 1,547 Bcf after a 85 Bcf injection for the week ending May 3, 2019. Natural gas storage level is now 128 Bcf above last year's level and 303 Bcf below the 5-year average.

Power:

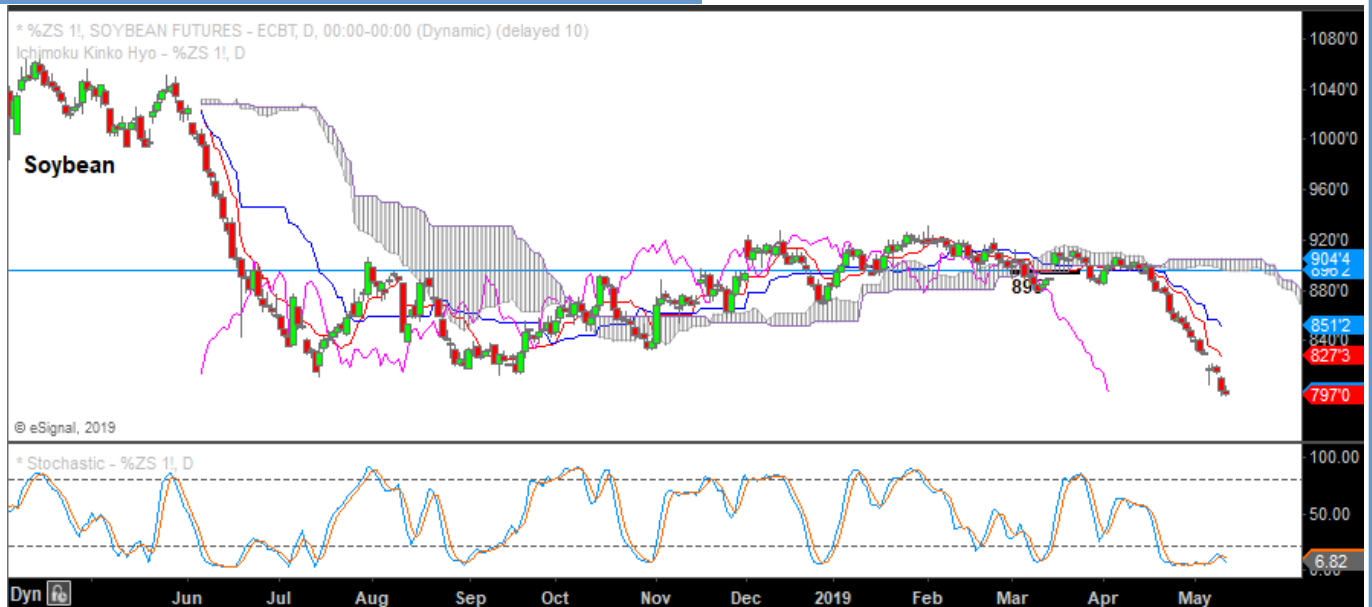
Monthly Day-Ahead Peak Fixed Price Futures Settlements in \$/MWh															
Contract	PJM West Hub			MISO Indiana Hub			NYISO Zone J			ERCOT North			CAISO SP-15		
Month	05/09/19	04/25/19	Change	05/09/19	04/25/19	Change	05/09/19	04/25/19	Change	05/09/19	04/25/19	Change	05/09/19	04/25/19	Change
Jun-19	31.15	32.70	(1.55)	32.95	34.35	(1.40)	33.80	35.60	(1.80)	40.77	42.97	(2.20)	39.50	38.30	1.20
Jul-19	36.95	38.40	(1.45)	38.15	38.70	(0.55)	45.10	46.95	(1.85)	75.96	85.20	(9.24)	79.15	71.60	7.55
Aug-19	35.25	36.50	(1.25)	35.30	36.70	(1.40)	41.70	42.60	(0.90)	128.05	152.71	(24.66)	90.75	80.25	10.50
Sep-19	33.00	35.20	(2.20)	35.15	36.25	(1.10)	35.30	36.20	(0.90)	36.41	36.80	(0.39)	58.50	55.10	3.40
Oct-19	32.10	33.60	(1.50)	33.35	34.45	(1.10)	33.75	34.55	(0.80)	29.31	29.25	0.06	45.60	41.85	3.75
Nov-19	32.90	34.25	(1.35)	33.20	34.25	(1.05)	37.45	38.90	(1.45)	25.15	24.91	0.24	43.65	39.35	4.30
Dec-19	36.20	37.50	(1.30)	34.55	35.45	(0.90)	52.05	51.80	0.25	25.08	24.68	0.40	53.25	48.70	4.55
Jan-20	51.15	51.75	(0.60)	40.90	41.10	(0.20)	76.20	76.95	(0.75)	31.79	31.20	0.59	51.05	47.80	3.25
Feb-20	47.90	48.85	(0.95)	38.05	38.65	(0.60)	70.35	71.55	(1.20)	31.18	30.65	0.53	45.25	43.95	1.30
Mar-20	36.55	37.70	(1.15)	34.65	34.80	(0.15)	45.55	45.55	0.00	29.11	28.54	0.57	37.25	36.55	0.70
Apr-20	32.25	33.65	(1.40)	32.95	33.45	(0.50)	36.00	36.85	(0.85)	27.04	26.60	0.44	25.85	24.65	1.20
May-20	32.25	33.75	(1.50)	32.35	33.65	(1.30)	33.20	33.85	(0.65)	30.26	29.58	0.68	25.90	24.70	1.20



S&P 500: Prices followed our expectations, breaching the all time highs with a new high at 2961 before starting a pullback. I expect 2840 level to hold. Stay long with a stop on close below 2840. The China tariff story looks to linger for much longer than expected. While it is likely to put pressure on markets, the overall economy is certainly strong enough to withstand a protracted negotiation.



Gold: This chart is bearish. I would sell here with a stop above 1305.



Soybean: That was a remarkable slide in prices with tariff talks breaking down. We are now trading close to the lows of the 2008 financial crisis. I would like to take a long position if a price-stochastic divergence develops in the next few days.



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