

Long & Short

In the news:

- USDA announced a new Tariff Relief Plan for farmers. Details such as payment rates and caps were intentionally withheld to avoid influencing planting decisions. These bailouts do not help market prices since it “compensates” for low prices.
- Retailers took a big hit last week with many of them revising down earnings projections to reflect the increase in tariffs with China. The personal income and consumer spending data for April comes out on Friday. I find consumer spending to be one of the best indicators of the health of the economy.

Market Analysis



Crude Oil: Our \$58.00 target/support level is holding, at least for now. We need to hold and get above \$60.75 for crude to stay in bullish trend. If we can't get above \$60.75, we will break the bullish trend from January and trigger a lower target at \$51.50.

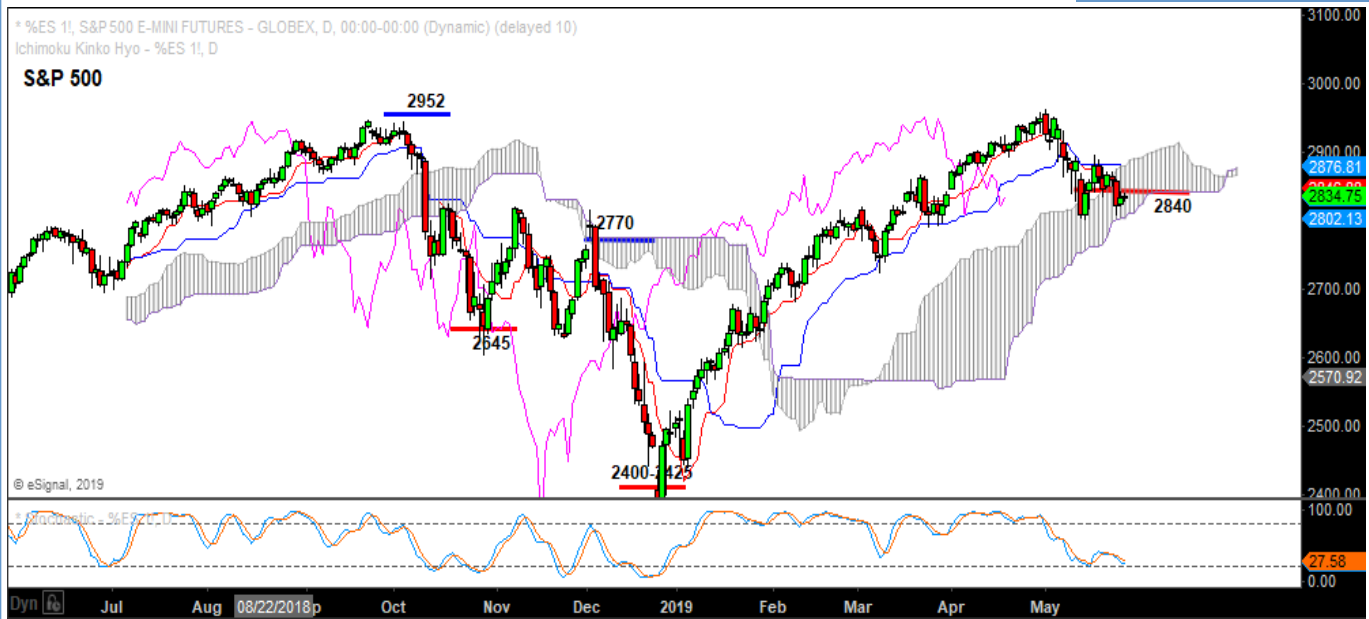


Natural Gas: No change in view on this contract. \$2.70 is still the level to break above to change the side-ways trend. It looks more likely we will revisit the \$2.45 low.

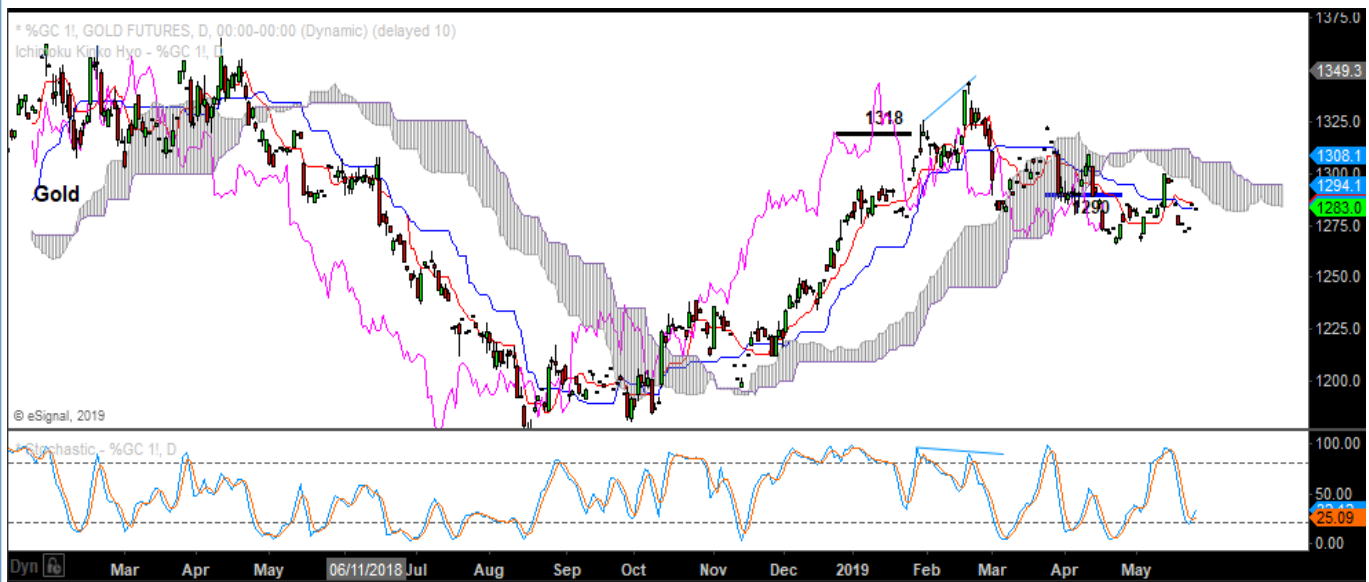
Storage currently at 1,753 Bcf after a 100 Bcf injection for the week ending May 17, 2019. Natural gas storage level is now 137 Bcf above last year's level and 274 Bcf below the 5-year average.

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		
	05/23/19	05/09/19	Change	05/23/19	05/09/19	Change	05/23/19	05/09/19	Change	05/23/19	05/09/19	Change	05/23/19	05/09/19	Change
Jun-19	30.35	31.15	(0.80)	31.95	32.95	(1.00)	31.60	33.80	(2.20)	39.27	40.77	(1.50)	37.25	39.50	(2.25)
Jul-19	36.10	36.95	(0.85)	36.45	38.15	(1.70)	43.65	45.10	(1.45)	69.96	75.96	(6.00)	74.50	79.15	(4.65)
Aug-19	34.85	35.25	(0.40)	35.00	35.30	(0.30)	40.20	41.70	(1.50)	120.05	128.05	(8.00)	85.05	90.75	(5.70)
Sep-19	33.00	33.00	0.00	34.40	35.15	(0.75)	34.70	35.30	(0.60)	36.85	36.41	0.44	54.75	58.50	(3.75)
Oct-19	31.60	32.10	(0.50)	32.95	33.35	(0.40)	32.80	33.75	(0.95)	28.83	29.31	(0.48)	44.00	45.60	(1.60)
Nov-19	32.30	32.90	(0.60)	32.55	33.20	(0.65)	36.10	37.45	(1.35)	24.84	25.15	(0.31)	41.75	43.65	(1.90)
Dec-19	36.00	36.20	(0.20)	34.10	34.55	(0.45)	50.10	52.05	(1.95)	24.60	25.08	(0.48)	52.40	53.25	(0.85)
Jan-20	50.75	51.15	(0.40)	40.55	40.90	(0.35)	75.05	76.20	(1.15)	31.61	31.79	(0.18)	51.30	51.05	0.25
Feb-20	47.50	47.90	(0.40)	37.70	38.05	(0.35)	69.25	70.35	(1.10)	31.05	31.18	(0.13)	45.40	45.25	0.15
Mar-20	36.00	36.55	(0.55)	34.50	34.65	(0.15)	45.00	45.55	(0.55)	28.83	29.11	(0.28)	35.45	37.25	(1.80)
Apr-20	31.65	32.25	(0.60)	32.90	32.95	(0.05)	35.75	36.00	(0.25)	26.90	27.04	(0.14)	25.85	25.85	0.00
May-20	31.45	32.25	(0.80)	32.05	32.35	(0.30)	32.95	33.20	(0.25)	30.06	30.26	(0.20)	25.90	25.90	0.00



S&P 500: The 2840 level remained a magnet over the past two weeks. Equities and crude continue to trade with high correlation. Continue to watch the 2840 level to determine the next move. If we can't decisively break above in the next week or so, we may be heading for a much bigger pull back.



Gold: Continue to stay short with a stop above 1305.



Soybean: We got the divergence to take the long position but I would take profits here. The trade war seems to be on a much longer path before a resolution, and the chart shows resistance around here at 845.



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