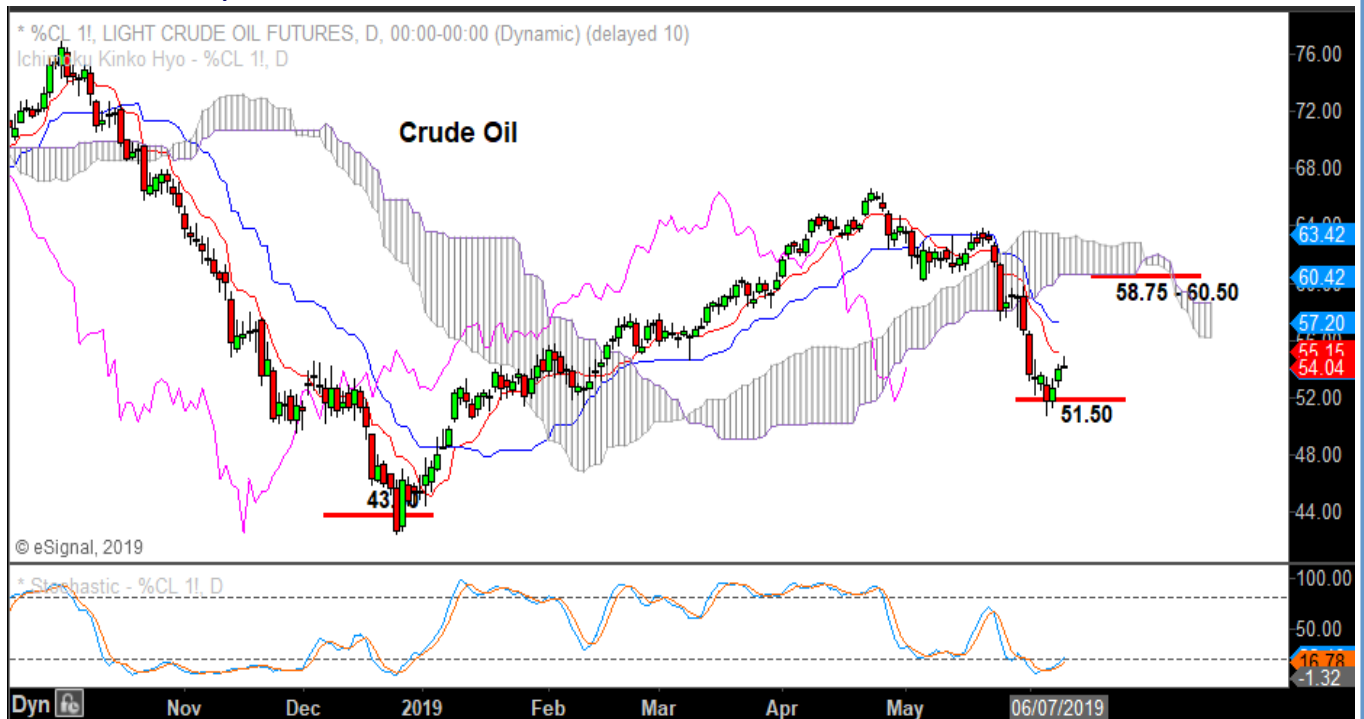


Long & Short

In the news:

- The fundamentals of the US economy remain strong. We have 3.1% GDP growth, 3.6% unemployment, consumer spending increased 0.3% in April (lower than March but still solid), and wages increased 0.5%. Comments from both Fed Chair Powell and the Administration however are head scratchers and I can't make rational sense of it. Powell made generously accommodative statements last week despite no underlying data to support concern over the state of the economy. Inverted rate curve is a market "view" of the economy and I certainly hope the Fed would not make rate cut decisions based on that. The Administration continues to make the case that the US economy is strong (which is true) but still wants to see a rate cut— most likely as a hedge to any downside from trade negotiations. May be I am missing something obvious, but a rate cut now (with some Wall Street forecasts predicting 3 cuts this year) seems crazy to me.

Market Analysis



Crude Oil: The break below the \$58.00 level activated the \$51.50 target and prices reached the target last week. Prices are now bearish and any bounce is expected to hit very strong resistance at the \$58.75—\$60.50 level. I would be eagerly looking for a short signal there to sell this contract. That would be a wave 3 that will take us below the recent lows.

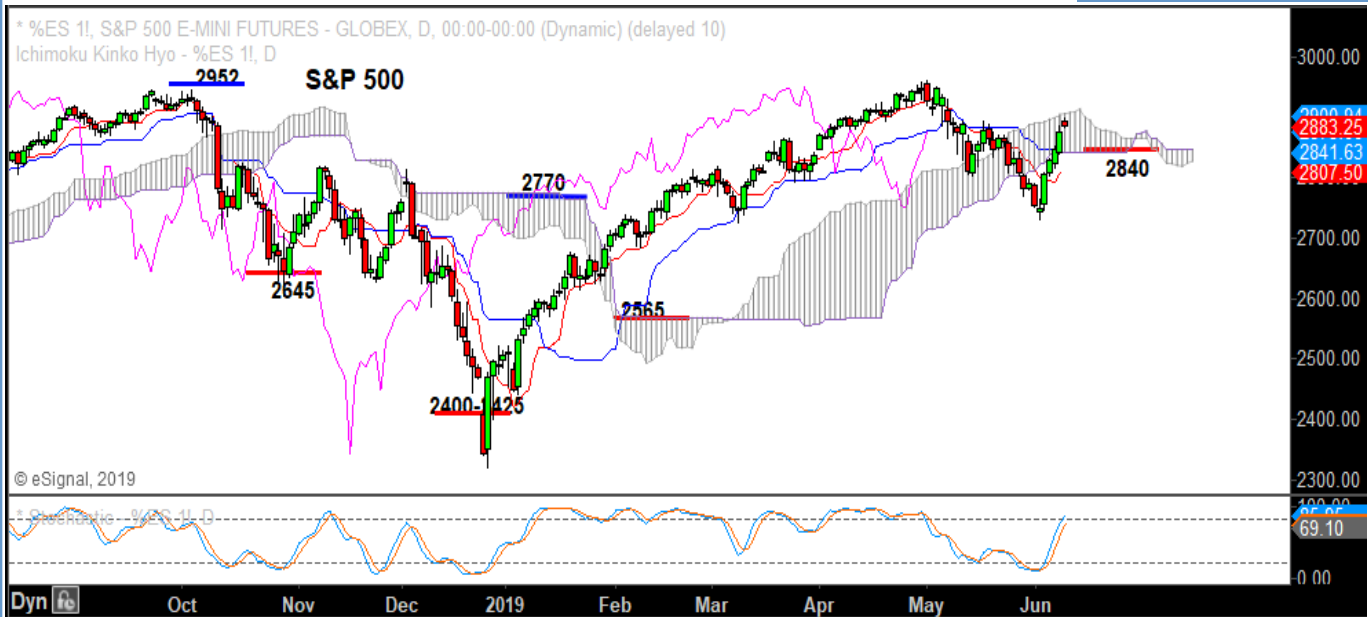


Natural Gas: There is no end in sight yet for bearishness on this contract. We revisited the \$2.45 lows, broke below and hit a low of \$2.305. Any bounce will be limited at the \$2.50-\$2.55 area. Supply fundamentals continue to support the bearish view.

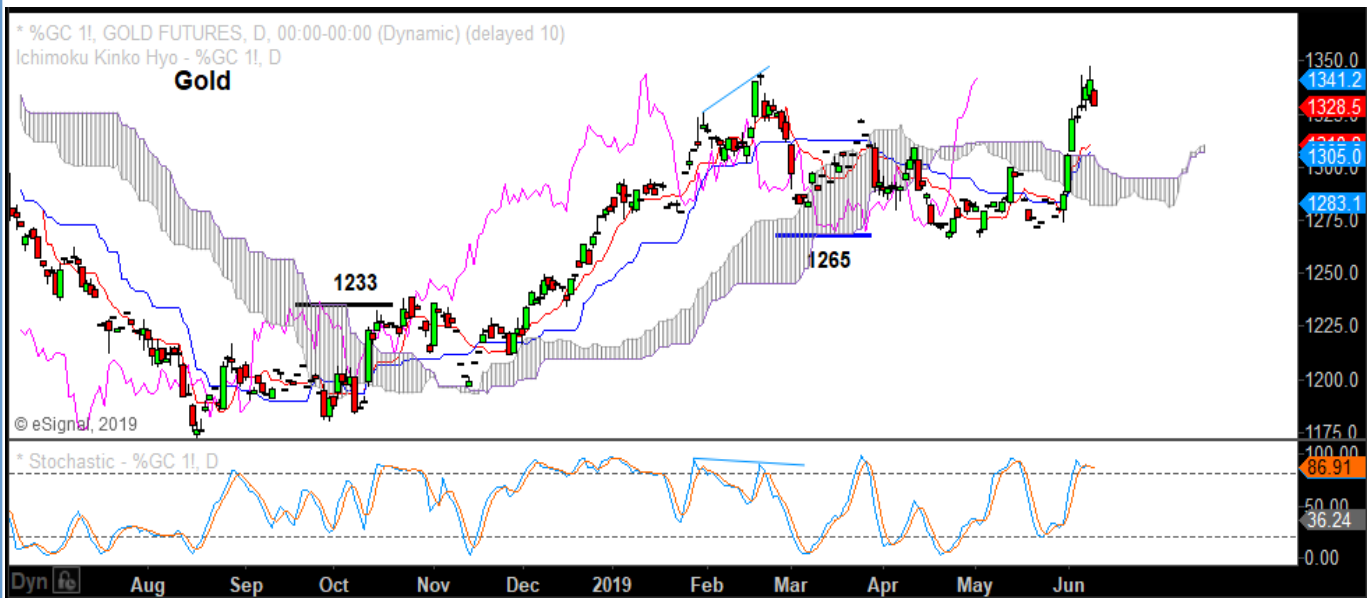
Storage currently at 1,986 Bcf after an above expectations 119 Bcf injection for the week ending May 31, 2019. Natural gas storage level is now 182 Bcf above last year's level and 240 Bcf below the 5-year average.

Power:

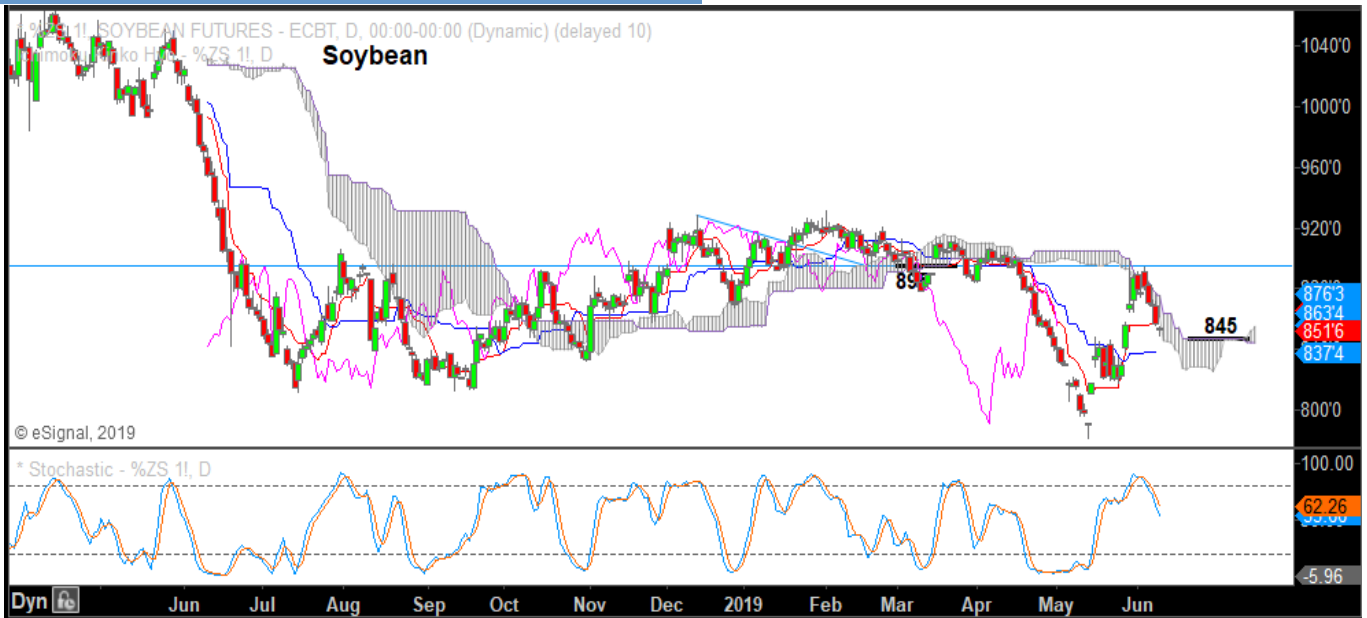
Monthly Day-Ahead Peak Fixed Price Futures Settlements in \$/MWh															
Contract	PJM West Hub			MISO Indiana Hub			NYISO Zone J			ERCOT North			CAISO SP-15		
	06/06/19	05/23/19	Change	06/06/19	05/23/19	Change	06/06/19	05/23/19	Change	06/06/19	05/23/19	Change	06/06/19	05/23/19	Change
Jul-19	34.55	36.10	(1.55)	34.35	36.45	(2.10)	41.55	43.65	(2.10)	66.26	69.96	(3.70)	68.50	74.50	(6.00)
Aug-19	33.50	34.85	(1.35)	33.75	35.00	(1.25)	38.45	40.20	(1.75)	117.75	120.05	(2.30)	75.30	85.05	(9.75)
Sep-19	32.35	33.00	(0.65)	33.25	34.40	(1.15)	33.65	34.70	(1.05)	34.40	36.85	(2.45)	53.30	54.75	(1.45)
Oct-19	30.05	31.60	(1.55)	31.60	32.95	(1.35)	31.00	32.80	(1.80)	26.87	28.83	(1.96)	42.00	44.00	(2.00)
Nov-19	30.90	32.30	(1.40)	31.30	32.55	(1.25)	35.00	36.10	(1.10)	22.95	24.84	(1.89)	39.05	41.75	(2.70)
Dec-19	34.25	36.00	(1.75)	32.55	34.10	(1.55)	48.35	50.10	(1.75)	23.19	24.60	(1.41)	51.15	52.40	(1.25)
Jan-20	48.75	50.75	(2.00)	38.55	40.55	(2.00)	72.95	75.05	(2.10)	30.29	31.61	(1.32)	49.35	51.30	(1.95)
Feb-20	45.55	47.50	(1.95)	35.70	37.70	(2.00)	66.65	69.25	(2.60)	29.84	31.05	(1.21)	43.95	45.40	(1.45)
Mar-20	34.15	36.00	(1.85)	32.70	34.50	(1.80)	42.95	45.00	(2.05)	27.50	28.83	(1.33)	31.30	35.45	(4.15)
Apr-20	30.45	31.65	(1.20)	31.75	32.90	(1.15)	33.55	35.75	(2.20)	26.43	26.90	(0.47)	23.60	25.85	(2.25)
May-20	30.30	31.45	(1.15)	31.00	32.05	(1.05)	31.55	32.95	(1.40)	29.19	30.06	(0.87)	23.65	25.90	(2.25)
Jun-20	30.20	31.45	(1.25)	31.80	32.90	(1.10)	32.40	34.60	(2.20)	39.98	41.20	(1.22)	35.10	38.25	(3.15)



S&P 500: When the 2840 level broke I was anticipating a bigger pull back than what we saw with a drop to 2733. The market bounced back strongly on accommodative comments from the Fed Chair. The 2840 level is still the critical number on this contract. I would be long above that, and short below that level.



Gold: Stopped out of short position on the close above 1305. Gold prices ran up with equities over the past week on lower rates. No position at this time. A bearish divergence seems likely to develop but I would like to see more confirmation before entering any trades.



Soybean: Took profits on long trade at 845 but prices went as high as 890. If we can hold the 845 level over the next few days I would look to get long again.



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