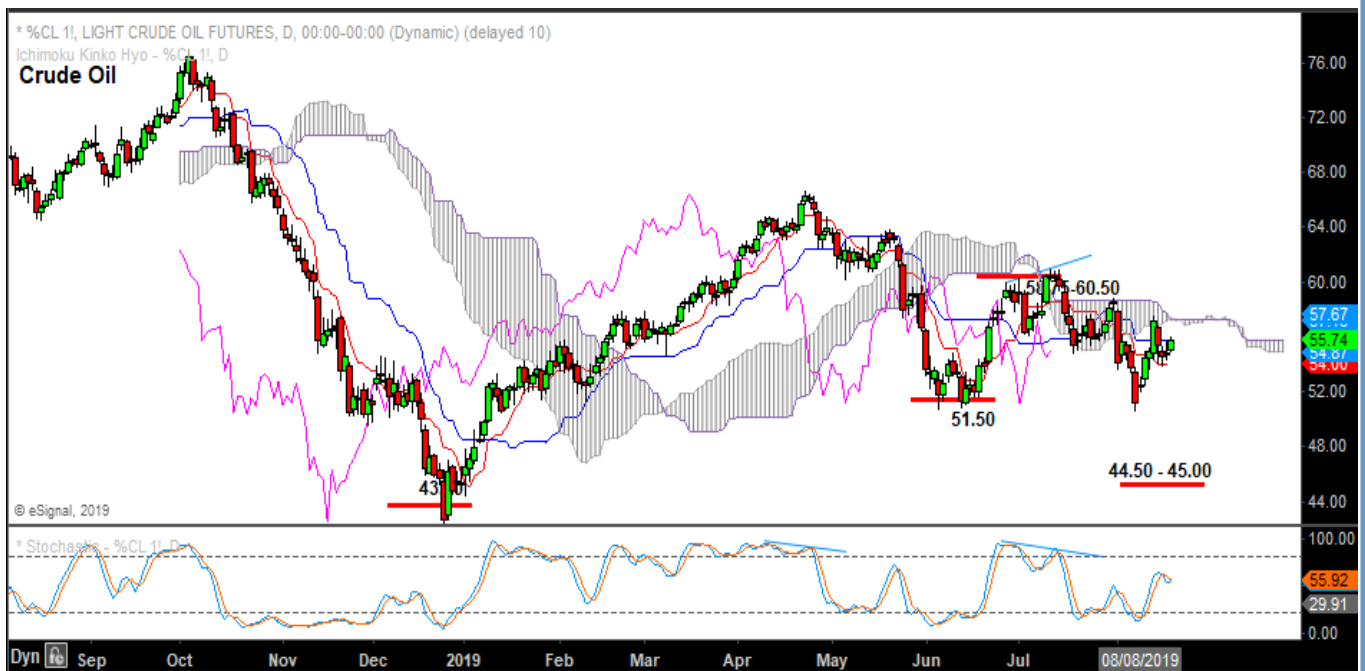


# Long & Short

## In the news:

- The big news last week was the inversion of the yield curve (10 year yield lower than the 2 year yield). In the past this has been a leading indicator for recessions. But I do not think that is the case this time around. There are several reasons for that view—we still have a healthy, growing economy and strong consumer confidence which should continue to keep us on the right track; this yield curve increases the odds of another rate cut (justified or not) in the December fed meeting or even as early as the September meeting; the demand for longer dated treasuries (hence lower yield) make sense when rates outside the US, including ECB deposit rates and Japan, are negative.
- Trade continues to be the overarching issue driving a lot of uncertainties and negative news. But remember that US investors are comfortably long the Trump put—the markets will not be allowed to fall off a cliff. So, despite uncertainties, this is a good place to be for the next 12 months.

## Market Analysis



**Crude Oil:** No change in view on crude prices despite another attempt to break above the \$58.50 level. Target still lower in the \$45 area with stop now at close above \$57.25.



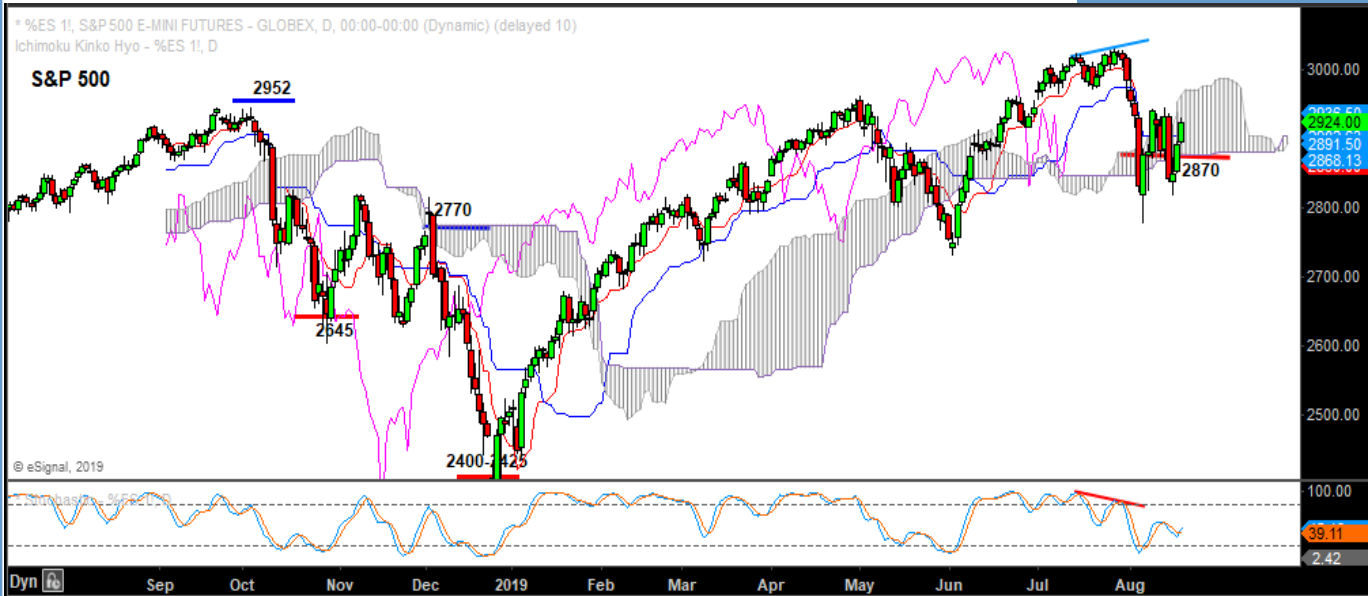
**Natural Gas:** We got the bounce expected at the \$2.00 support. Break of that level is still on the cards. This chart has been bearish and on a steady decline since the beginning of the year and at these levels difficult to determine a lower target below \$2.00. But looking at the weekly and monthly charts, we are close to a long term bottom on Natural Gas. So time to watch for a buy signal over the next few weeks.

Storage currently at 2,738 Bcf after a below expectations 49 Bcf injection for the week ending Aug 09, 2019. Natural gas storage level is now 357 Bcf above last year's level and 111 Bcf below the 5-year average.

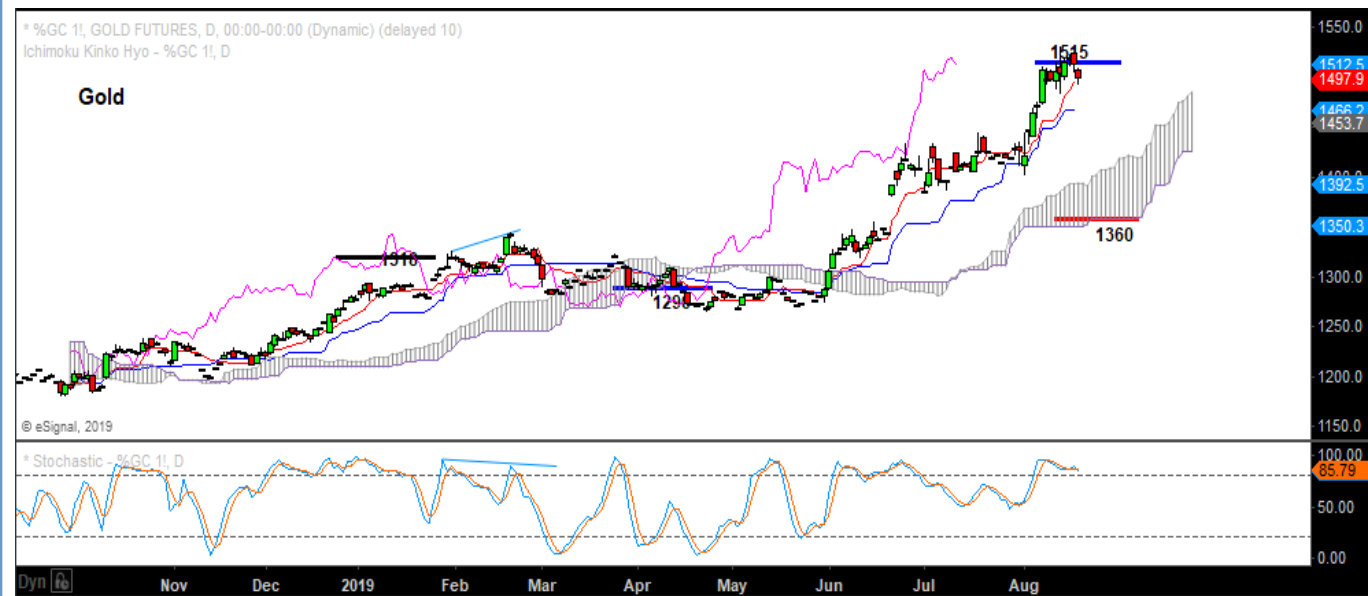
**Power:**

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

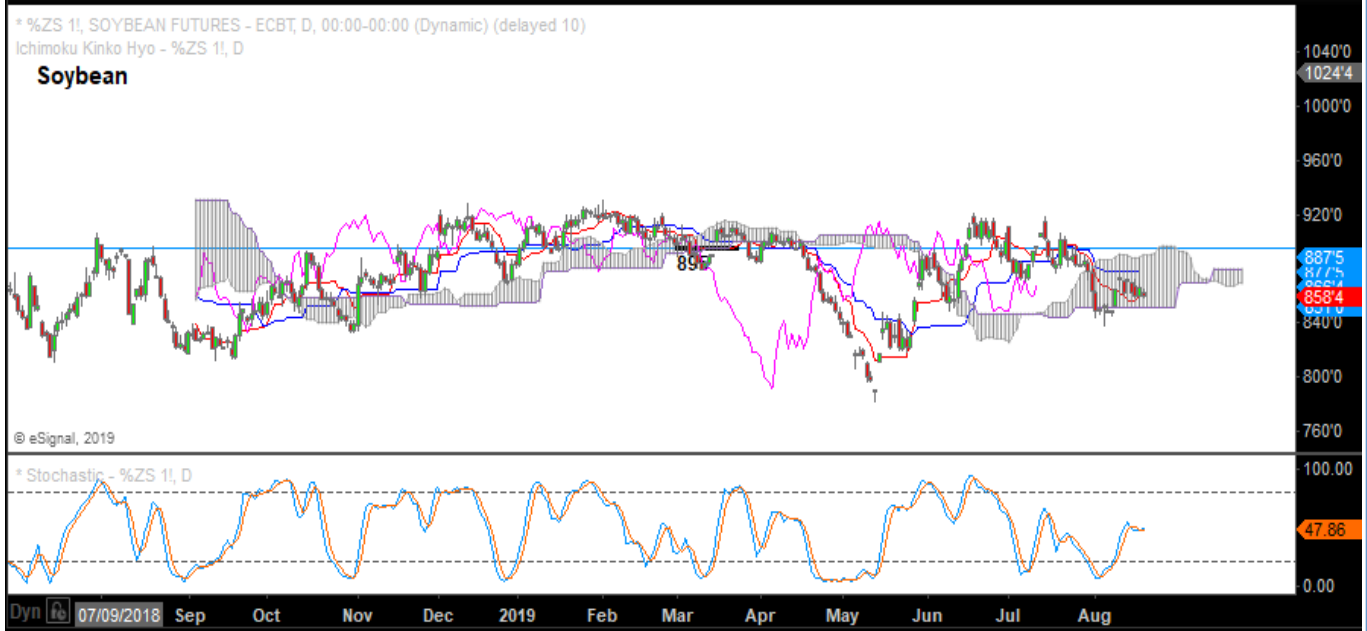
Contract	PJM West Hub			MISO Indiana Hub			NYISO Zone J			ERCOT North			CAISO SP-15		
	08/16/19	08/02/19	Change	08/16/19	08/02/19	Change	08/16/19	08/02/19	Change	08/16/19	08/02/19	Change	08/16/19	08/02/19	Change
Sep-19	29.95	29.55	0.40	32.30	31.70	0.60	31.60	31.15	0.45	41.49	35.15	6.34	40.00	39.25	0.75
Oct-19	28.90	29.10	(0.20)	30.65	29.90	0.75	30.05	29.65	0.40	28.39	25.59	2.80	36.00	36.15	(0.15)
Nov-19	29.75	30.05	(0.30)	30.00	29.85	0.15	34.40	33.15	1.25	23.57	21.97	1.60	33.90	34.85	(0.95)
Dec-19	32.55	32.80	(0.25)	31.65	31.40	0.25	46.75	46.70	0.05	22.60	21.42	1.18	41.75	43.95	(2.20)
Jan-20	46.15	45.65	0.50	37.20	37.05	0.15	66.50	66.95	(0.45)	28.47	27.81	0.66	42.65	43.30	(0.65)
Feb-20	43.25	42.70	0.55	34.60	34.45	0.15	65.85	66.45	(0.60)	28.05	27.48	0.57	38.70	38.70	0.00
Mar-20	32.60	32.25	0.35	32.65	32.10	0.55	42.35	41.75	0.60	25.80	25.41	0.39	28.95	29.50	(0.55)
Apr-20	29.35	29.30	0.05	31.15	30.95	0.20	33.55	33.35	0.20	24.17	24.15	0.02	23.05	22.90	0.15
May-20	28.95	28.90	0.05	29.95	29.85	0.10	30.25	30.45	(0.20)	28.32	27.20	1.12	22.45	22.35	0.10
Jun-20	28.15	28.50	(0.35)	30.50	30.80	(0.30)	31.45	31.55	(0.10)	38.83	36.06	2.77	33.90	34.05	(0.15)
Jul-20	34.20	33.55	0.65	35.45	34.95	0.50	40.30	40.05	0.25	104.17	74.59	29.58	50.45	51.15	(0.70)
Aug-20	30.90	30.25	0.65	32.40	32.10	0.30	35.85	35.70	0.15	163.95	117.67	46.28	52.10	52.75	(0.65)



**S&P 500:** It has been a volatile few days for equities. We got stopped on our longs on the close below 2870, which has proven to be a critical level. Prices have fluctuated around that level the last few days. I would prefer to get some stability either above or below that level to determine the next trade on this contract. Trade war and all of its associated uncertainties continue to drive the markets, and looks to be the factor for the foreseeable future.



**Gold:** Prices reached our 1515 target and currently chopping around there. We may see a drop to alleviate the overbought stochastics but 1425 should provide support and the overall trend remains bullish.



**Soybean:** Still on the sidelines on this contract with no clear sign to predict the next big move.



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