

Be Kind, Rewind

If it seems like we're rehashing all the same stories every day, welcome to reality.

- *Venezuela*

I'd be happier if we were talking more about the *vuvuzuela*. We're not and the issue at hand is that we're finally starting to see this country's oil production slipping. Last count was barely over 2M b/d and I'm thinking a lot of this is from falling behind on their domestic demand. This could turn out to be another Iraq. Remember that when the US finally stabilized everything and people went in, the infrastructure was so out of date and worn out, it took 10 years to recover.

- *Venezuela...again*

As I mentioned above, it's likely that the crude oil that the Venz are shipping out is a result of the failing refineries in the country. It's likely that they can't afford to use their own crude in their refineries and they are relegated to swapping crude for products like gasoline and diesel. Yesterday they finally confessed that a 65K b/d refinery was shutting in for 4 months for maintenance. Yeah, OK.

- *Gasoline*

I can argue all day about this and I know the teeming millions know this. For all the damn hype about refiners producing at a 10M b/d clip for the Since May, supply really hasn't moved. From the middle of April to last week, gasoline supply is -1.17M. Yes, the big number is still over 240M barrels, but the high production and imports that are averaging 800K b/d are keeping it up there. One of those slips and up jumps the boogie.

- *OPEC*

If I hear one more word about "overproduction" and "oil glut", I'm going Kanye on Taylor Swift. If anything, we should be concerned what happens when demand and any extra oil goes away. With OPEC at record levels of production, there's not a lot of spare capacity. If the world picks up it's economic pants and gets moving, we're back at \$100 oil and we will have never appreciated \$50 as much as we should have.

- *US crude oil production*

Thankfully I'm at the end here because I'm boiling over. Stop with the headlines about how US producers are getting back on track. We all see the rising rig count, but we're ignoring the falling production. Another few weeks and we'll be under 8M b/d in the Lower 48. Until we see working rigs get some ground on the rigs in decline, get over it. Oil is like golf; rigs are for show, oil production is for dough.

That's Hot

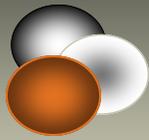
- Venezuela (when's the last time nobody cared this little about a country in economic collapse)
- OPEC (speaking of Venz, not the most supportive group here)
- Mr. Robot (because I love being confused by something other than oil)



Haters gonna hate, hate hate...

That's Not

- France (and now the Brexit isn't looking so bad)
- Gasoline (it's cheap, enjoy it while you can)
- Piers Morgan (at this rate he's in-line to be Trump's media advisor)



Oil Outlooks and Opinions

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Crude:

Where does the time go? It's hard to believe that we're already moving along to the CLQ6 contract. It's even harder to imagine we're that much further along in the spreads in CL too. Just as soon as we think we're ready to find the high side of the CL contract, here comes the seasonal play once again. We'll concentrate on what's at hand and look for resistance at 4570, 4645 and 4755. The support numbers fall in at 4470, 4368 and 4285. The front spread moves up to CLQ6/CLU6 and they start with resistance at -41, -26 and -06. Support comes back to -56, -75 and -90. Slippery out there, but we're moving up to get to the weekend.

Gasoline:

OK laziness has been set aside and I'm moving ahead with the RBQ16 contract. We can start with resistance here at 14176, 14368 and 14535. Support looks below to 13942, 13765 and 13590. The front spread moves to RBQ6/RBU6. Resistance at -66, -24 and +30. Support to -110, -200 and -270. The RBQ6/CLQ6 gets resistance at 1378, 1445. Support falls to 1334, 1264.

Distillate:

The calendar keeps us moving and we are focused on the HOQ16 contract. We'll get resistance here at 14165, 14352 and 14530. Support looks back to 13878, 13566 and 13380. The front spread bumps up to HOQ6/HOU6. Resistance here looks at -228, -210. Support holds down to -254, -275. The crack moves up to HOQ6/CQ6. Resistance at 1365, 1426. Support back to 1302, 1266.

Trends are only for the affected:

OK, I've been neglecting here, but it's just painful to think that there really might be a trend behind all of this. I mean there is, but it's the same one that I've been harping on the Daily chart since January 2016. Track that back and you'll see that we've made it to 5000 and now we can look for that target to run to 5400. Channel support has room to the 4750-4800 area and we'll see pivot above here at that 5000 area.

Fundy you should mention:

Well here's another week of oil stuck between \$45 and \$50. And there goes more fund money to chase bigger and better returns in the equity and bond markets. I do think that there's enough swing and vol in the market to keep the HFT in the oil market, but that might fade out if Congress gets their trading tax (0.03%/per contract) in place. Big day: CPI (0.3), Empire St Mfg (5.00) and Retail Sales (0.1) all in at 8:30am EST. Then we move on to Industrial Production (0.1; Cap Utiz 75.0) at 9:15am. To finish us off we get Business Inventories (0.1) and Consumer Sentiment (93.5) at 10:00am.

Sorry, I am just physically attracted:

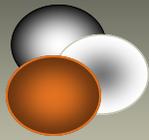
I mentioned that 65K b/d refinery going down in Venezuela and on the other side of that production was a small country called Cuba. The point is that a lot of countries relied on oil production from the Venez (crude and products). My thinking is that it's a bit coincidental that the US just happened to open up relationships with Cuba just at the Venez started to fall apart. Make no mistake that this is also happening all around Lat Am too. I'm not saying that Maduro or Chavez were right about the US working behind the scenes to usurp their power, but the oil game is certainly looking like we're playing risk and surrounding the area by supporting the area.

Techies, some Trekkies

- 200 Day MA 4442
- 100 Day MA 4522
- 13 Day MA 4668
- 8 Day MA 4565
- 14 Day RSI 43.44

Spread now; Roll later

- Remember backwardation?
- Key support: -60, -84, -105
- Key Rests: -38, -14, +12



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Carpe Diem (trade for today):

These are the dog days of Summer trading I remember well.

Let's do what we can. I go LONG CLQ6 above 4580. I'd like to think that there's something closer that can make a move for me, but I don't see much. Up here we can build some momentum and catch a rally. Once we start and not see any hitch, we're likely to keep this moving in a good direction. I'll figure that a move to the 4640 area isn't that much of a reach.

The lower we get the more nervous I get. I go SHORT CLQ6 under 4460. It's hard to see this continue with a lot of volume down here. What I do think is that the lower we get it's the volatility that will bite like a snake. I'll be happy to participate in a sell off, but I will exercise a lot of caution. A drop down here on panic gets me to the 4410 area and I'm not going to press for much more.

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