

## What's in a name?

A rose by any other name is still a rose.

Well that's fine and dandy if we're talking about roses, but we happen to be talking about OPEC today. More specifically, I'm focusing on the future of OPEC. Granted, I can't tell you if this is going to be bullish or bearish, but I can tell you that OPEC in 2017 is not going to be the same OPEC in 2016. Yes, I know I've spent some time ranting to the teeming millions that OPEC was going to be gone by the end of this year. In all fairness, I do have about 5 1/2 more months until the end of the year. If not this year though, I think there's little doubt in the next. Everyone likes to talk about how OPEC showed the US who's boss when it comes to producing cheap oil. They played chicken with the frackers of America and are back at the head of the pack. The only problem is that as they've halted the rising production in the US and sent it reeling back to 2014 levels, they managed to harm a few of their member countries too. That's some Team Swift buying Kanye West's new album right there.

Oh don't mind the issues that are going on in the Middle East. Attacks in Syria, continuing issues in Libya and who knows who's running what in Iraq. Nah, there's no time to sweat the small stuff out there. How about those countries that are on the fringe within OPEC and have been reminded over the past year and a half that they are. You've heard enough from me about Venezuela. The country is on the brink of economic collapse and they are more similar to North Korea today (minus the weapons) and a shadow of the 3M b/d crude oil producer that they were in 2012. There's also Nigeria that has not only seen it's oil infrastructure blown up more than body shaming on social media, they can't figure out where the exact structure of their economy lies. It would seem that they have some money, but these past 18 months, they've seen their exports decline more from a lack of buyers than they have rebel attacks on pipelines. You can combine both of those factors now and see that the future of this country is hanging on by a thread. Oh yeah, you can count out those 2.5M b/d that they we're producing back a few years ago too.

Last OPEC meeting everyone left with a smile on their face and nodding in agreement. Perhaps we all thought that there was enough said to keep all the members satisfied until the next meeting. On the other hand, maybe it's that they all agreed the end is coming. The Saudis have never been so aggressive to push forward their oil production and are adamant about becoming not the swing producer of OPEC, but the standalone producer of OPEC. If the world will need more oil at any point, the Saudis are prepared to meet that demand. They are busy reinventing their investment structure and now are planning on expanding their ports and terminals to increase their ability to send out more. These efforts have to be getting the attention of the other OPEC members and opening some eyes that there's no friends in this business. There's no "one for all and all for one". This is about producing oil, making money on that oil and good luck trying to compete with us. It's been a lot of fun over these years OPEC, we understand it's time to say good bye and good night.

### That's Hot

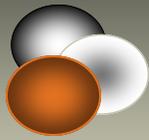
- ANS (that's US oil...if we don't need it, someone else just might)
- Saudi Arabia (the virtual Wal-Mart of oil...crude, ports, ships...the one stop shop)
- The Phone Call (someone is always listening)



*Good is no great, but it's better than bad*

### That's Not

- North Sea (so now everyone wants to know how bad it will be...we knew)
- Libya (sure those ports will open soon...soon)
- Pokemon Go! (alas, a Squirtle is still more important than the Biebs)



# Oil Outlooks and Opinions

Tuesday, July 19, 2016

Oil Outlooks and Opinions llc  
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## Crude:

Where does the time go? It's hard to believe that we're already moving along to the **CLU6** 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 4630, 4745 and 4833. The support numbers fall in at 4528, 4460 and 4372. The front spread moves up to **CLU6/CLV6** and they start with resistance at -44, -25 and -02. Support comes back to -63, -80 and -105. We'll move higher into the close.

## Gasoline:

OK laziness has been set aside and I'm moving ahead with the RBQ16 contract. We can start with resistance here at 13978, 14155 and 14363. Support looks below to 13775, 13568 and 13370. The front spread moves to RBQ6/RBU6. Resistance at -66, -24 and +30. Support to -110, -200 and -270. The RBU6/CLU6 gets resistance at 1320, 1378. Support falls to 1254, 1188.

## Distillate:

The calendar keeps us moving and we are focused on the HOQ16 contract. We'll get resistance here at 14065, 14266 and 14440. Support looks back to 13878, 13566 and 13380. The front spread bumps up to HOQ6/HOU6. Resistance here looks at -248, -220. Support holds down to -266, -290. The crack moves up to HOU6/CLU6. Resistance at 1366, 1425. Support back to 1310, 1258.

## 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:

At least the stock market is making money, right? That's where all of the smart money is headed and all of the savvy commodity funds are left out trying to make a great PowerPoint presentation telling everyone how their heydays are coming back. It's a tough sell and it looks like we're not going to see that come around anytime in the near future. So as we go, there's going to continue to be more money fleeing the oil sector and finding it's way to the "flight to quality". We get Housing Starts (1.170M; Permits 1.150M) and the rest of the day we'll watch the RNC show.

## Sorry, I am just physically attracted:

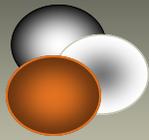
Oh this is a wicked web we weave. There's supply and then there's demand. If only it were so simple for all of the refiners out there. The supply is high, but the issue at hand is not the domestic demand for gasoline and ULSD, it's the export demand that causes all of the headaches. We're continuing to hear about the old "floating storage" hype, but this time with products. Lest we check in on the domestic demand here in the US, gasoline and ULSD, we're all good and even so much we're importing more gasoline than ever. The issue now comes with the fact that we can't find enough buyers for all of the diesel that we're making. Oh to bring exports back to the game.

## Techies, some Trekkies

- 200 Day MA 4485
- 100 Day MA 4587
- 13 Day MA 4688
- 8 Day MA 4619
- 14 Day RSI 43.41

## Spread now; Roll later

- Fall into Fall
- Key support: -66, -85, -110
- Key Rests: -35, -12, +20



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## **Carpe Diem (trade for today):**

Moving down the calendar, but at least we're moving.

Let's do this the right way. I go LONG CLU6 above 4630. We're searching hard for some signs of life, but it's a losing battle. Maybe as we get closer to the API/EIA numbers we can goose the market a little more on lower inventories and weaker domestic production. We'll look for this to make a run here to the upside and target the 4685 area.

When in doubt... I go SHORT CLU6 under 4540. Not a lot of room here to break through to the downside, but I'm still going to remain cautious about what lies beneath. Most will argue that once we get into September, there's a slide that happens seasonally, but we're far from "normal" these days. I'll let it drop, but I'm not willing to look past the 4500 level.

For now, the disclaimer can be found here: <http://www.oiloutlooks.com/page7.html>

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