

Right to be Wrong

Don't hate the player, hate the game.

Has such a statement ever become so profound the day we elected President Trump? I may very well spend the next four years trying to defend my views about President Trump, but I'm only talking about business. That's where all of the people who are vehemently rallying against him miss the point. This isn't a position in the US Government where we're supposed to drink a Coke and share a smile. This is the point where we get everything back on track and start making America money. Well, in our case *oil and money*. The past eight years were spent by politicians trying to reform the Middle Class and make the world a very politically correct place. The Baby Boomers and Gen X should check in with their parents. This looked a lot like the hated days of President Nixon, but I'll be the first to tell the teeming millions that President Nixon opened the door to China. Sure, President Trump may be keen on shutting it, but this is and has always been about business. That's the hardest part for all of these protestors, they don't understand the business of business. Don't worry, most politicians don't either.

I spent yesterday chasing down all the numbers on the Commitment of Traders report and helping light the path for WTI to get back down under \$50. OK, my exact number was \$46 and I'm sticking to that. Today, I'm going to help everyone put together the way we're going to work our way down that path and it's so coincidental it's scary. We're kicking it off with the missed headline of the resignation of Federal Reserve Governor Daniel Tarullo. He was one of the biggest taskmasters of financial regulation since 2009. He's resigning 5 years early and now leave President Trump with 3 openings on the Federal Reserve and an almost clear path for re-regulation. I'm skipping the idea of rolling back Dodd Frank or dumping the Volcker Rule. Unwinding established rules and regulations is a tough task. Reestablishing some rules, lightening the parameters on others and instituting more favorable measures (even in spite of existing ones) is the best way to go.

Why does this merit the time of the faithful on a Tuesday morning? Because you can't grow an oil and gas industry without money. You can't expect Wall Street to give out more money and credit without having to increase their risk. And nobody can have risk without the opportunity for reward. All I want if to be there when they cut the red tape on the front door of all the financial institutions. We're going to happily welcome back the Banks, the Funds, the Trading Houses and everyone that used to be part of the commodity trading club. The difference this time around is that everything starts and ends in America. We're going to see oil coming in from all over the country and in record levels from Canada. On the flip side, we're going to see even more this year around oil going out of America. All the while, everyone outside the US is going to have to fend for themselves. This is the circle of trust and it's the only one that will matter...at least for the next four years.

That's Hot

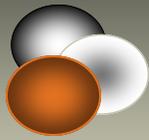
- Making America Great Again (Mnuchin is in the mix, let's begin)
- US oil (all hail shale...and another 80K b/d to start)
- Nick Cannon (if you're going to tell non PC jokes, they might have a spot at SNL)



Come with it

That's Not

- Venezuela (looking more like Iraq, but with President Trump seeing the real prize)
- Humphrey Hawkins (the hot seat is now on fire)
- PewDiePie (never go there man...ask Mel Gibson)



Oil Outlooks and Opinions

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Crude:

And another month bites the dust. It's hard to believe that we're already moving along to the **CLH7** contract. We now pivot past the last month of the year and that should be worth something to everyone trying to play the cash and financial markets. We kick off with resistance here at 5385, 5462 and 5570. We'll look back lower to support at 5280, 5175 and 5066. We'll also change the lead spread and the front spread moves up to **CLH7/CLJ7** and start with resistance at -60, -48 and -24. Support comes back to -78, -110 and -126. Let's get this week done right and the new contract back in play. Back to reality. Follow the Dollar, follow the dream.

Gasoline:

OK laziness has been set aside and I'm moving ahead the **RBH17** contract. We can start with resistance here at 15845, 16088 and 16245. Support looks below to 15619, 15455 and 15263. The front spread moves to **RBH7/RBJ7**. Resistance at -1970, -1855 and -1730. Support to -2112, -2238 and -2370. The **RBH7/CLH7** gets resistance at 1310, 1402. Support falls to 1211, 1165.

Distillate:

The calendar keeps us moving and we are focused on the **HOH17** contract. We'll get resistance here at 16545, 16770 and 16954. Support looks back to 16380, 16140, and 15966. The front spread bumps up to **HOH7/HOJ7**. Resistance here looks at -92, -76. Support holds down to -110, -135. The crack moves up to **HOH7/CLH7** Resistance at 1630, 1704. Support back to 1565, 1510.

Trends are only for the affected:

Changing it up mid-week? Well I can't avoid a few days down and not think that we can at least trend lower to find some support between 5000 and 4800. The 60min chart is looking good and we can't give up too much above 5180 here. The channel support has room to slide back down to the 4960 area, but we all know the money shot will be to target the 4800 area. Once we get back down there, we're more than happy to come back here and talk about a reversal trend.

Fundy you should mention:

Daniel Tarullo out, Steve Mnuchin in. All of this is playing out better than a season of House of Cards. Mind you, there's been a few foreign banks (RBS, Credit Suisse) that are talking up cutting head count. Here in the US though, the prospect of rolling back regulation and the expanding growth of US oil production and pipeline has them ready to bring back the glory days of the 2000's. For the here and now though, we get Humphrey Hawkins on the screen today at 10:00am ET. Also, PPI-FD (0.3) at 8:30am ET should get us warmed up.

Sorry, I am just physically attracted:

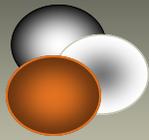
I'm not sure how many people might read into this as much as I am, but conspiracy theories are part of the new Administration. The US just called out Venezuela's VP as an "international drug dealer". Ouch. It's not anything overtly surprising that the US pulled the sanctions card on Venezuela, but this is about as high up the ladder as we've gone. It's sure to rile them up, but they're not in a good position to do much in retaliation. On the other hand, they do still bring in about 800K b/d of crude here. The US may have the ability to cut back on those and it would have a large effect on the already depressed Venez economy. Going to be very interesting the way this plays out.

Techies, some Trekkies

- 200 Day MA 5041
- 100 Day MA 5155
- 13 Day MA 5312
- 8 Day MA 5306
- 14 Day RSI 51.56

Spread now; Roll later

- Back to turnarounds
- Key support: -80, -114, -150
- Key Rests: -62, -38, -10



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Carpe Diem (trade for today):

How about a tribute to the glory days of \$80 WTI?

Age catches up fast when we think about \$60 oil. I go LONG CLH7 above 5390. I'm not going to play this game and I may miss opportunity, but I'm not into chasing a dream. Funds need this more than I do and I just can't see this finding a good reason higher. So I'll let this play out to the hopeful Bulls and ride along to the 5440 area just to say I was in the game.

I only ask that people do their job. I go SHORT CLH7 under 5280. I could be pressed and wait this out to sub 5270, but I think by here we're have enough momentum to get the move going. There's a lot of length in the market that needs to justify the capital and margin that it's eating up. Sooner or later, they have to make a better case for waiting this long. I'll be ready and waiting for the drop to the 5220 area. There's sure to be more.

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

Please feel free to share the joy with your friends, colleagues and the bathroom stalls. Have them sign up for the two week trial and get a personalized thank you note directly from me. Where you going to get a deal like that without a flashing blue light?

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