

Winning for Losing

Back in the Friday routine and no one is safe.

- OPEC

After nearly two months of holding back production and sticking to their quotas, they have done something that hasn't been seen in decades. Of course, as these things go, it's having the least possible impact. With US production gaining, the US Dollar on the rise and American exports hitting records, it's payback time. At least they have gained sympathy points that are well overdue.

- Hedge Funds

Remember the days when the reliable mantra was, "Watch the COT and whichever way the small investors are leaning, go the opposite way." Well, the tables have turned. The long to short ratio for funds hasn't been this long since the 2000's. Of course back then we gained a few dollars each month on the way from \$50 WTI to \$100. We've been above \$50 since January and had a lookie look at \$55. It's about that time to take Rudy out of the game.

- North Sea Brent

Calling North Sea crude, "Brent" is an odd thing. The actual Brent production stream produces less crude than Colorado (10K b/d). OK, maybe that's a slight overstatement, but it's moving closer. Not so much that Colorado is gaining as anything in the North Sea keeps falling. The Saudis had it right a year ago when they warned everyone that a lack of investment will lead to much lower new production. Welcome to the North Sea.

- Politics

Some may take notice that reality TV is quickly fading. Unless of course you can't wait for the "Cash me ousside" girl. If you are, please keep that to yourself and don't share with the teeming millions. That's because nobody can beat our political circus. From President Trump to Russian communications to former VP Biden's family affairs. I'm ditching the Washington Post for the National Enquirer.

- Gasoline

We end on one of the finer fails of the century. After trying hard to push bio fuel as the Climate Change savior, it's leading a path to actually increasing emissions. If we're going to allow E15 in the summer with a higher RVP, we're going to have to let all gasoline in the mix with a high RVP. Then again, nobody in between the EPA and the White House actually thinks emissions matter. Drive on player, drive on.

That's Hot

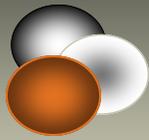
- Making America Great Again (it always starts with drama)
- US Oil production (can't we all just get along)
- The Voice (in a twist nod to the Oscars, Adam Levine walks off the stage instead of on to it)



It's like déjà vu all over again

That's Not

- RINs (it's like holding stock of Pets.com)
- OPEC (still hoping, still waiting, still losing)
- Political comedy (it's not funny when you've heard the same joke a thousand times over)



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 **CLJ7** 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 5380, 5464 and 5575. We'll look back lower to support at 5272, 5165 and 5044. We'll also change the lead spread and the front spread moves up to **CLJ7/CLK7** and start with resistance at -22, -16 and -05. Support comes back to -34, -45 and -58. Let's get this week done right and the new contract back in play. Back to reality. Follow the Dollar, maybe follow the dream.

Gasoline:

OK laziness has been set aside and I'm moving ahead the **RBJ17** contract. We can start with resistance here at 16586, 16770 and 16940. Support looks below to 16335, 16180 and 15955. The front spread moves to **RBJ7/RBK7**. Resistance at -245, -180 and -98. Support to -305, -415 and -510. The **RBJ7/CLJ7** gets resistance at 1711, 1777. Support falls to 1665, 1593.

Distillate:

The calendar keeps us moving and we are focused on the **HOJ17** contract. We'll get resistance here at 15980, 16165 and 16372. Support looks back to 15733, 15565, and 15330. The front spread bumps up to **HOJ7/HOK7**. Resistance here looks at -92, -70. Support holds down to -119, -140. The crack moves up to **HOJ7/CLJ7** Resistance at 1413, 1490. Support back to 1332, 1260.

Trends are only for the affected:

Alas, these things never work out as we ever expect them too. I think if I had a dollar for every failed Head and Shoulders on the CL chart, I'd have my own fund right now. So let's move on from that dream on the 60min chart and continue on with the scintillating sideways action. We're playing here between 5250 and 5500 and it's more of the same we've seen all this week and most of last. Making a move outside these parameters might be worth noting, but good luck with that.

Fundy you should mention:

When these months happen, I cry a little in my heart. These are the months that we don't get Unemployment Friday on the very first one of the month. When the Friday falls too close to the end of the previous month, the BLS needs a little more time to aggregate the data. When we look back at the Jobless Claims (223K), I think that the data sample has to be small enough to handle. Funds would be thinking higher demand here, but they're thinking higher interest rates are more interesting. PMI Services Index (55.6) at 9:45am and ISM Services (56.5) at 10:00am. Yellen talking economy at 1:00pm.

Sorry, I am just physically attracted:

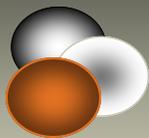
I have to say that this talk of restructuring the EPA has some pretty big ripple effects. As if that's not enough, Rick Perry was just confirmed as head of the Department of Energy. As far as we're concerned, anything and everything in politics that we're concerned with is over. We have two figureheads in place that have one thing in mind about our oil supply and demand; make America great again. This is likely to mean a lot less regulation about the oil coming out of the ground as well as the oil products that we purchase as consumers. The best interests ahead will be in profitability and affordability. Anything that gets in the way of those is going to be out the door. Have fun watching this.

Techies, some Trekkies

- 200 Day MA 5116
- 100 Day MA 5256
- 13 Day MA 5379
- 8 Day MA 5367
- 14 Day RSI 43.35

Spread now; Roll later

- Getting there
- Key support: -44, -60, -75
- Key Rests: -18, 00, +16



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Carpe Diem (trade for today):

For those that are losing their faith in the North Sea, we welcome all.

Come with it. I go LONG CLJ7 above 5330. Now that we're starting to understand that as long as we're importing, we're going to continue to build crude. Still, there's a lot of hope out there and if funds want to continue to hold out hope, you are going to stop out the naysayers up here. Not that there's a lot of them, but enough to get us up to the 5380 area.

Back to reality. I go SHORT CLJ7 under 5240. Can we just get this over with? Let's play some Gloria Estefan and turn this beat around. With more evidence that the Fed is going to raise rates, the strength will follow the USD and the opposite effect should grip CL. It might be enough to shake the length out of the trees and the Managed Money. Let's see if they can do some damage and we'll look to 5180.

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

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