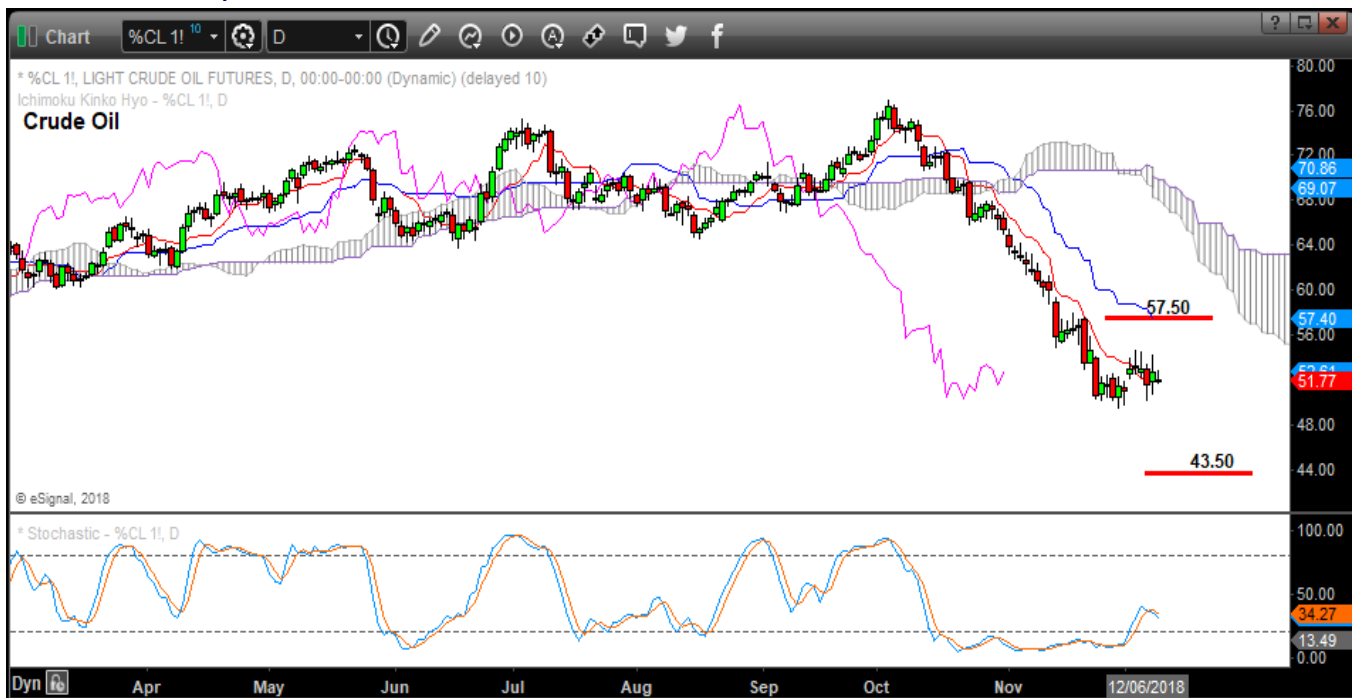


# Long & Short

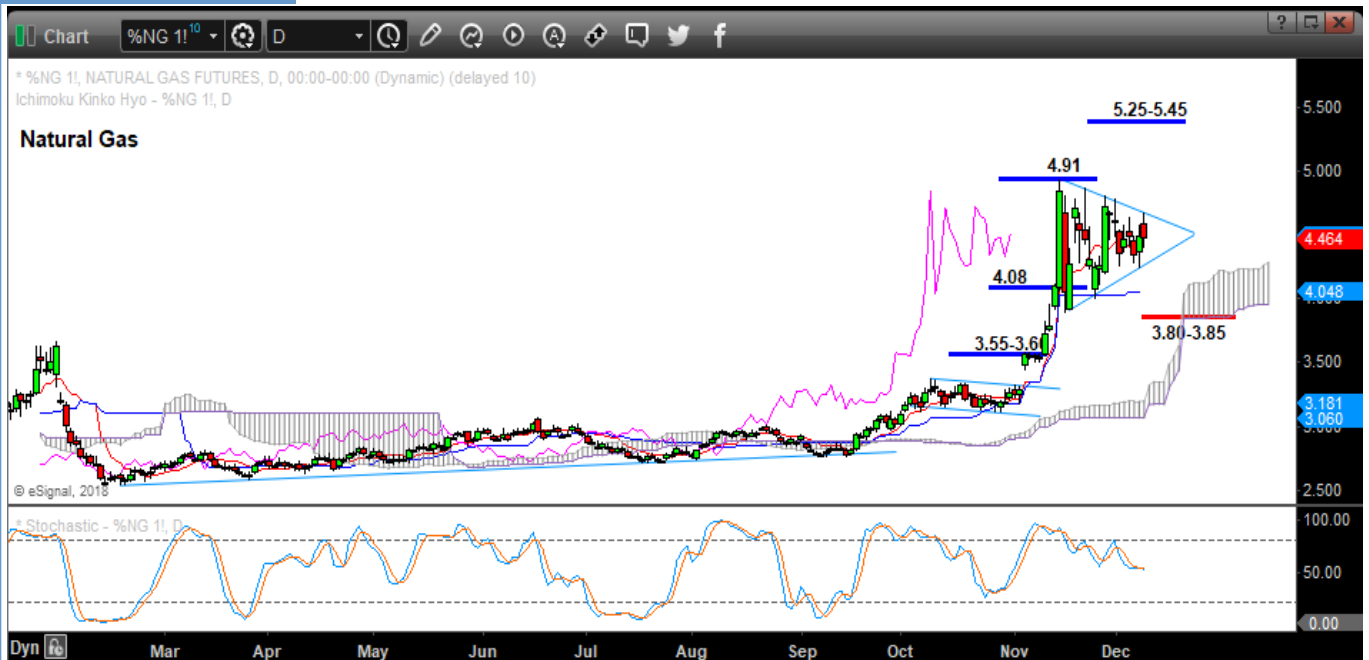
## In the news:

- The Trump-Xi meeting at the G20 ended with a supposed truce and a 3 month negotiation deadline. This was initially seen by the market as bullish before the realization that China is yet to give any indication of a meaningful compromise.
- OPEC+ countries decided to cut a total of 1.3 million bpd of production, which wasn't enough to help prices.
- 155,000 jobs were added in November, below the expectation of 190,000.

## Market Analysis



**Crude Oil:** The production cut numbers out of the OPEC meeting wasn't enough to even get a bounce to \$57.50 level which is quite bearish. Going back to production levels when were trading mid-70s eight weeks ago is not helping prices now at \$51. Go figure! The next down target is at \$43.50. Any bounce will have strong resistance at \$57.50.

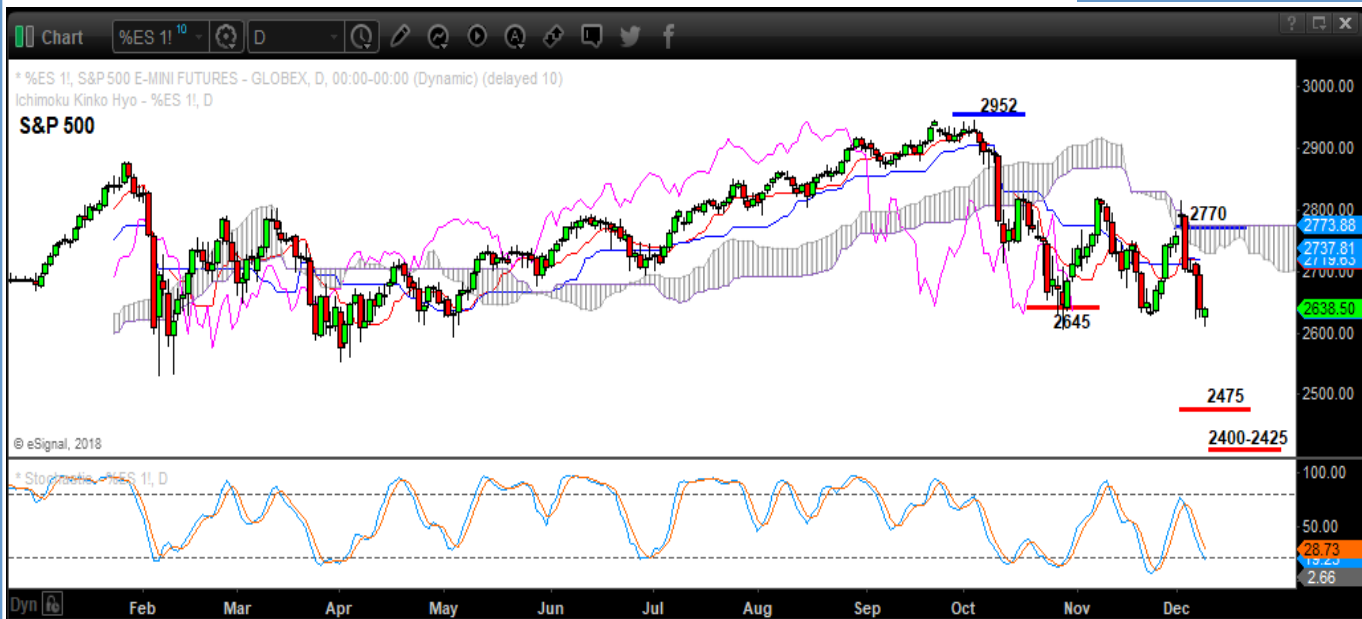


**Natural Gas:** No change in this chart other than a nice consolidation triangle forming which makes the high target at \$5.25-\$5.45 a more likely possibility. The “spike” target higher at \$6.35 also remains. The last few days has seen consistent above normal forecasts for mid to late December across the US which has kept prices in range.

Storage currently at 2,991 Bcf after a 63 Bcf withdrawal for the week ending November 30, 2018. Natural gas storage level is now 704 Bcf below last year’s level and 725 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		
	12/06/18	11/23/18	Change	12/06/18	11/23/18	Change	12/06/18	11/23/18	Change	12/06/18	11/23/18	Change	12/06/18	11/23/18	Change
Jan-19	66.25	70.40	(4.15)	51.15	51.45	(0.30)	84.50	90.80	(6.30)	48.14	48.82	(0.68)	66.25	74.40	(8.15)
Feb-19	61.75	65.45	(3.70)	47.70	47.85	(0.15)	80.70	87.55	(6.85)	43.81	45.01	(1.20)	57.50	64.20	(6.70)
Mar-19	48.60	49.55	(0.95)	41.30	41.85	(0.55)	56.30	57.85	(1.55)	42.14	43.45	(1.31)	43.05	49.05	(6.00)
Apr-19	38.45	38.35	0.10	35.85	36.20	(0.35)	40.95	40.55	0.40	31.15	30.45	0.70	27.75	28.05	(0.30)
May-19	37.70	37.35	0.35	36.25	35.50	0.75	37.10	36.40	0.70	36.00	35.12	0.88	28.00	28.95	(0.95)
Jun-19	35.60	35.15	0.45	35.05	34.35	0.70	38.90	37.10	1.80	51.21	48.45	2.76	47.65	48.00	(0.35)
Jul-19	40.85	40.50	0.35	39.45	39.25	0.20	47.60	47.10	0.50	112.14	106.19	5.95	75.25	72.35	2.90
Aug-19	37.85	37.50	0.35	36.50	36.35	0.15	45.20	44.80	0.40	183.86	173.19	10.67	75.55	73.45	2.10
Sep-19	36.50	36.10	0.40	36.05	35.15	0.90	38.75	38.55	0.20	41.23	40.96	0.27	61.70	63.55	(1.85)
Oct-19	35.10	34.55	0.55	33.90	33.55	0.35	34.75	34.30	0.45	31.34	30.17	1.17	47.40	47.70	(0.30)
Nov-19	35.10	34.75	0.35	33.50	33.85	(0.35)	37.05	37.75	(0.70)	26.90	26.08	0.82	47.50	47.80	(0.30)
Dec-19	39.35	39.05	0.30	36.30	36.35	(0.05)	50.35	53.10	(2.75)	26.36	25.52	0.84	50.05	50.30	(0.25)



**S&P 500:** Just as expected we challenged the 2770 level around the G20 meeting. We broke above 2800 level before promptly failing and now close to the 2600 level that we tested twice before. I do expect to break down this time. There is expectation now that the Fed may even skip the December rate hike. But, I don't know if the market would see that as a positive. The FOMC going from bullish on the economy to taking the foot off the rate hike pedal in a matter of few weeks could even spook the market more than provide comfort.



**Gold:** Gold prices finally broke above long term resistance with next target at 1270. This chart reiterates concerns about equity. Support still at 1208.



**Soybean:** One of the few items supposedly agreed to in the G20 sideline meeting was China's commitment to resume agricultural imports, which helped Soybean prices break out. But there wasn't a major rally. The 965 target would be in play if we see some confirmation on the imports.



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