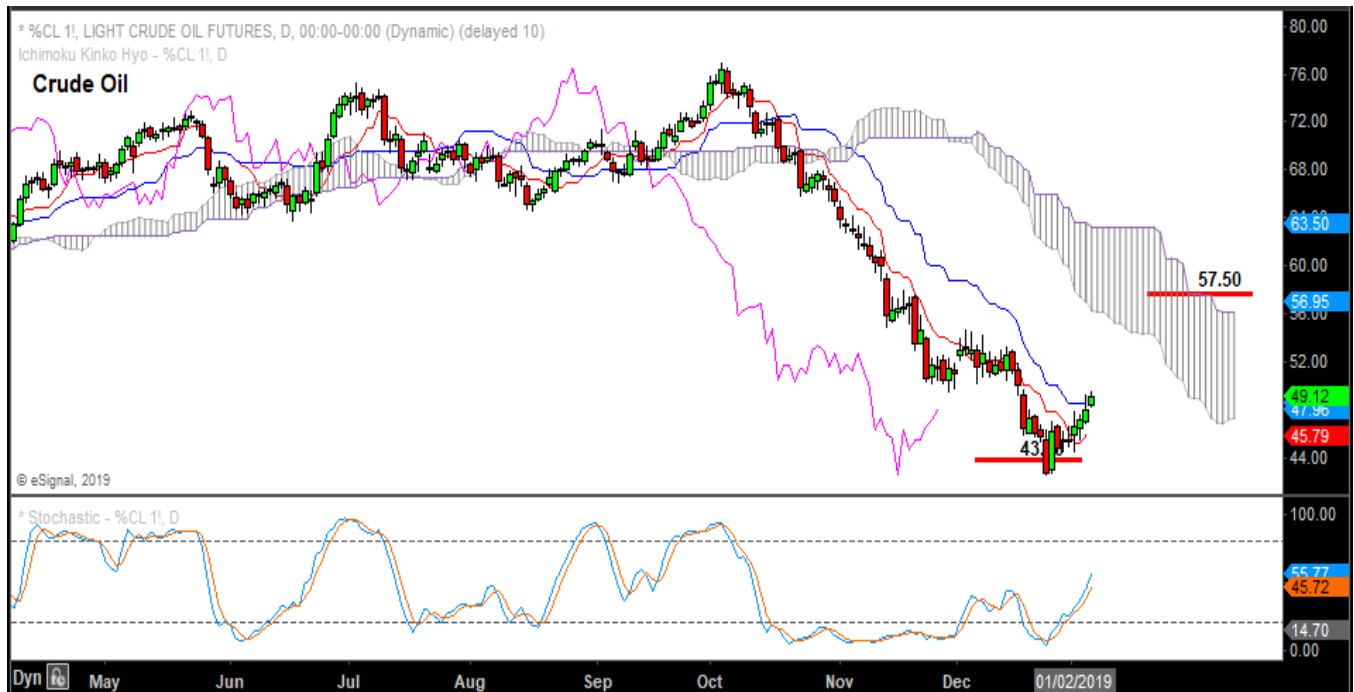


Long & Short

In the news:

- US-China trade talks are back on with US trade reps in China for a 2-day meeting. There seems to be more motivation on both sides this time around to get a deal done.
- Last week's big story in equities was Apple's revenue downgrade on weaker sales in mainland China. Apple is the first company to officially come out with lower guidance on this front, but expect more to follow.
- US employment report showed a very impressive 312,000 uptick in nonfarm payroll, and a 3.2% YOY increase in wages, the best since February 2009. These are very strong numbers, which interestingly came right before Fed Chair Powell's most dovish comments of his tenure. It certainly puts the Fed in a tough spot.

Market Analysis



Crude Oil: The \$43.50 area provided good support for prices, and bounced from there. \$57.50 is the medium range target for this contract now. Production numbers out of Saudi Arabia showed 500,000 b/d cut in December compared to the prior month. Stay long with the \$43.50 stop.

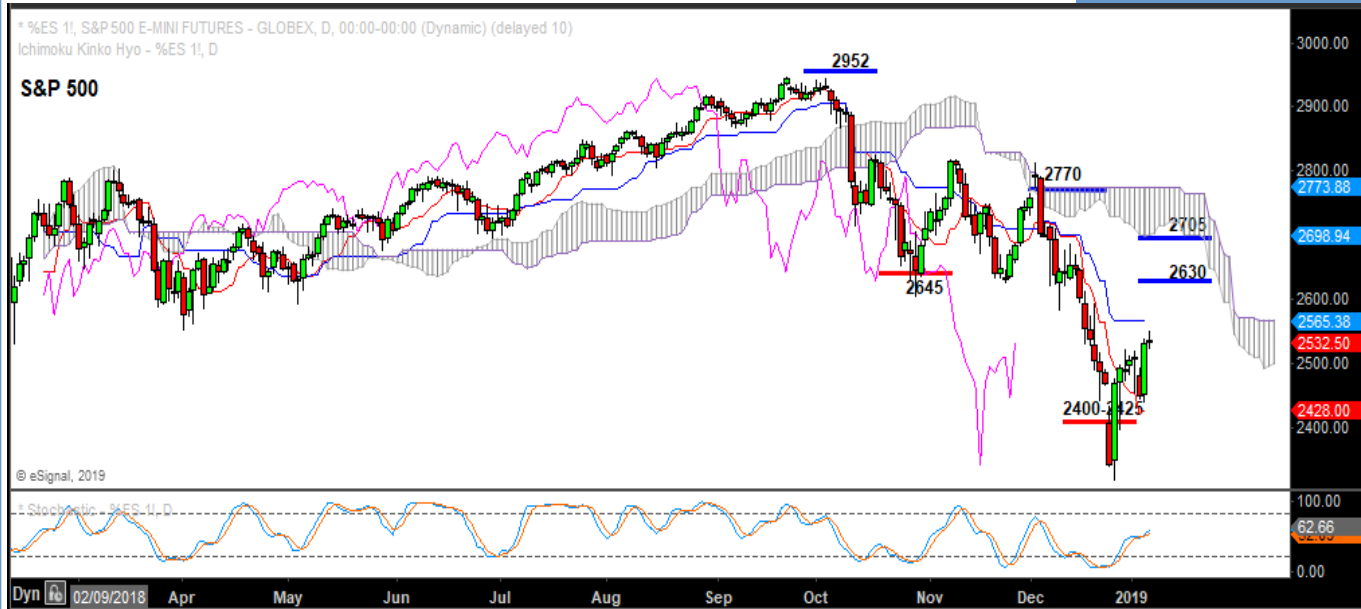


Natural Gas: Nat gas is back to its old stomping grounds below \$3.00. Resistance now at \$3.10, a breach of which would see an attempt at closing the gap at \$3.30. Although prices are oversold, there is no buy signal on this chart. So I expect any bounce to be brief. I would rather look to sell rallies.

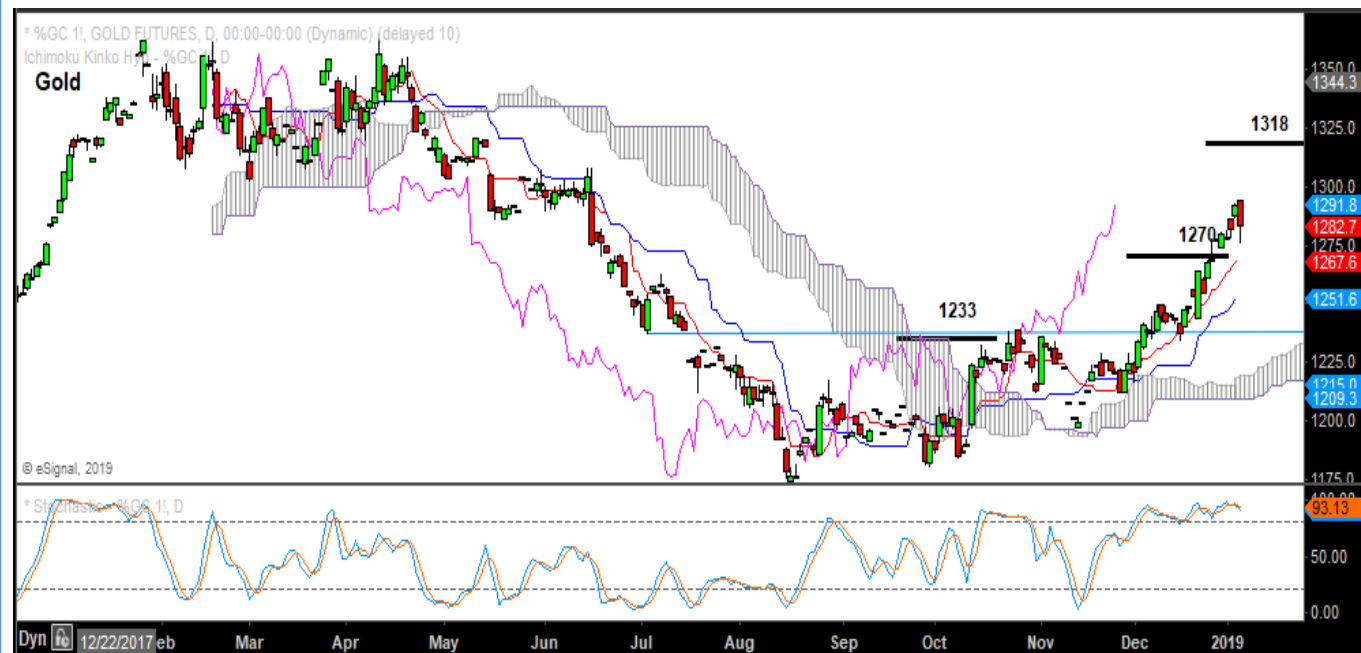
Storage currently at 2,705 Bcf after a very bearish 20 Bcf withdrawal for the week ending December 28, 2018. Natural gas storage level is now 450 Bcf below last year’s level and 560 Bcf below the 5-year average—we are catching up quickly with the recent mild weather across the country.

Power:

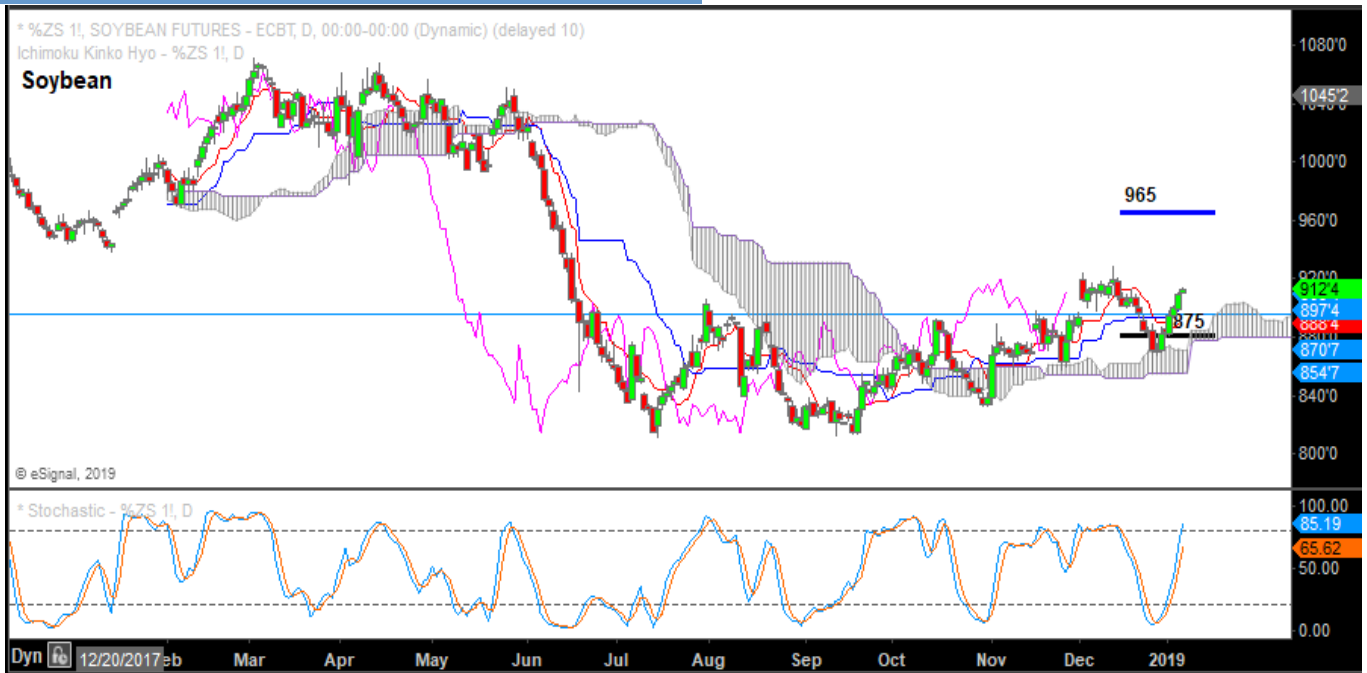
Monthly Day-Ahead Peak Fixed Price Futures Settlements in \$/MWh															
Contract	PJM West Hub			MISO Indiana Hub			NYISO Zone J			ERCOT North			CAISO SP-15		
	01/03/19	12/20/18	Change	01/03/19	12/20/18	Change	01/03/19	12/20/18	Change	01/03/19	12/20/18	Change	01/03/19	12/20/18	Change
Feb-19	47.20	59.90	(12.70)	37.45	46.65	(9.20)	60.50	77.10	(16.60)	31.63	39.06	(7.43)	43.60	55.20	(11.60)
Mar-19	40.30	47.05	(6.75)	34.80	41.15	(6.35)	46.80	55.20	(8.40)	31.02	36.48	(5.46)	36.25	42.05	(5.80)
Apr-19	37.45	38.60	(1.15)	35.15	36.00	(0.85)	40.55	41.80	(1.25)	27.53	30.65	(3.12)	26.90	27.35	(0.45)
May-19	37.45	38.60	(1.15)	35.90	37.00	(1.10)	35.85	37.10	(1.25)	32.88	34.91	(2.03)	26.70	27.45	(0.75)
Jun-19	35.60	36.55	(0.95)	35.10	36.00	(0.90)	37.50	38.50	(1.00)	47.79	49.25	(1.46)	43.75	47.10	(3.35)
Jul-19	39.95	41.45	(1.50)	39.05	40.20	(1.15)	46.50	48.15	(1.65)	103.68	100.25	3.43	75.60	76.95	(1.35)
Aug-19	37.35	38.45	(1.10)	36.35	37.20	(0.85)	43.45	45.75	(2.30)	170.83	165.26	5.57	76.15	77.55	(1.40)
Sep-19	36.50	37.40	(0.90)	36.30	37.15	(0.85)	38.60	39.55	(0.95)	39.53	40.57	(1.04)	60.20	61.30	(1.10)
Oct-19	34.10	34.70	(0.60)	34.10	34.50	(0.40)	34.10	34.80	(0.70)	29.16	30.81	(1.65)	45.65	48.10	(2.45)
Nov-19	34.65	35.10	(0.45)	34.05	34.30	(0.25)	37.75	38.20	(0.45)	24.50	26.15	(1.65)	45.75	48.20	(2.45)
Dec-19	37.85	38.95	(1.10)	35.50	36.45	(0.95)	48.70	50.65	(1.95)	24.57	26.36	(1.79)	48.20	50.75	(2.55)
Jan-20	53.00	55.80	(2.80)	42.25	44.70	(2.45)	72.30	76.80	(4.50)	30.82	32.93	(2.11)	48.20	48.90	(0.70)



S&P 500: We had one daily close below the 2400 level but bounced right after to establish a short term low. Targets above are at 2630 and 2705 which will likely coincide with positive trade news, and government shutdown deal. However, this is still a bear market bounce, and it is important to watch for market signals as we reach these target levels. I expect earnings season starting next week to drive prices lower again.



Gold: Prices went right through our 1270 target. Next target at 1318. Stay long with stop moved up to 1250.



Soybean: No change here. Continue to stay long with 875 stop.



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