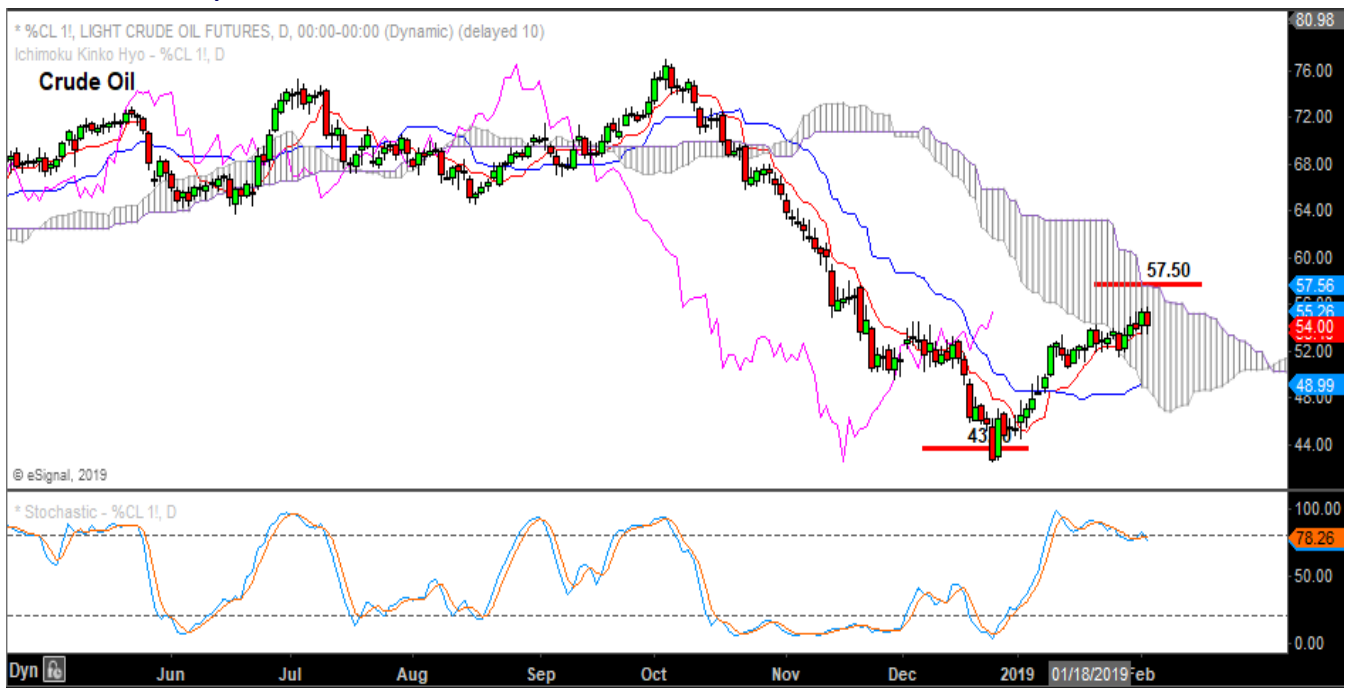


Long & Short

In the news:

- We got an exceptional non-farm payroll number on Friday with a 304,000 increase in jobs for the month of January, in spite of the government shutdown. Now we have both the technical and fundamental support to setup a reversal of the bearish trend in equities from late last year.
- The big mystery now is, why did the Fed turn significantly more dovish over the past 6 to 8 weeks when employment continues to remain strong, and overall earnings did not show any big problems. They have quoted the easing of inflationary pressure over the past two months as the reason, which seems too short a time period for it to be a “trend” to change or pause their actions.

Market Analysis



Crude Oil: No change on this chart. Prices continue to climb towards the \$57.50 target. Stay long with the stop moved up to \$50.25. We are seeing a sell divergence develop, so we are likely to see some pull back over the next couple of days.

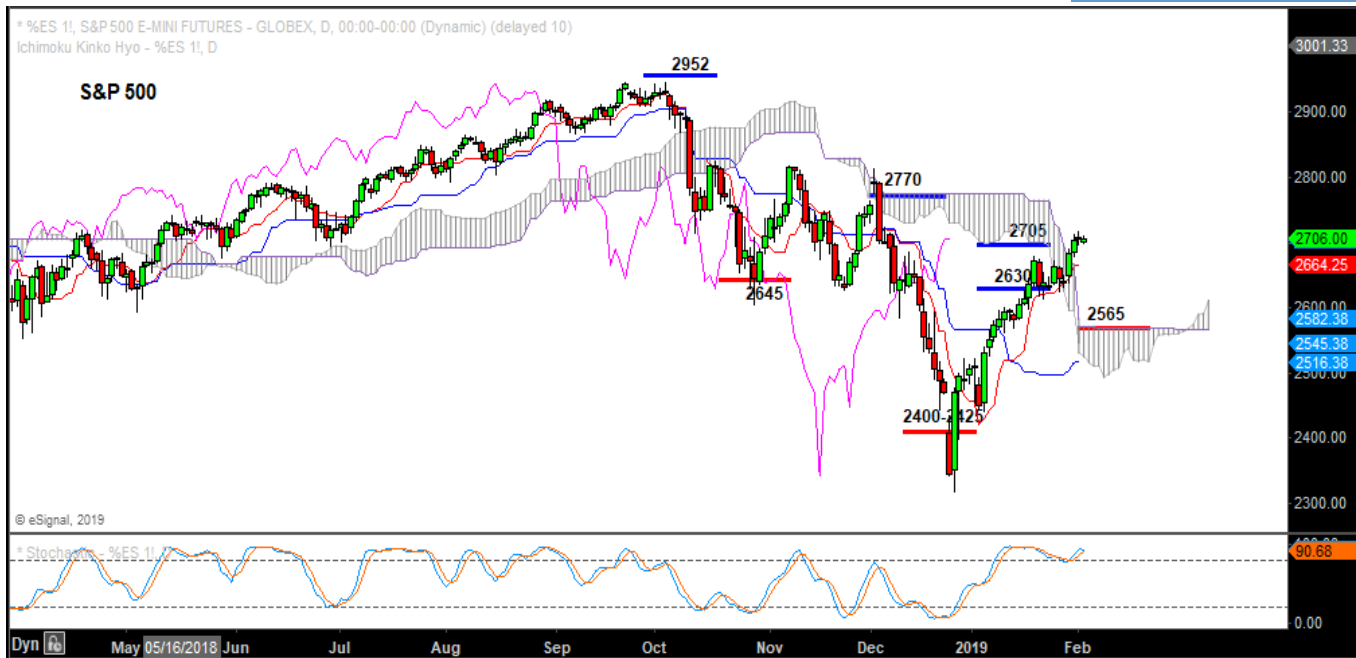


Natural Gas: The demand from the polar vortex couldn't help prices due to the big warm up that was expected to follow. With winter starting to wind down, any major action in prices is likely done for the season. With prices overextended and reaching the long term lows, we are likely to see some support in the \$2.55 to \$2.60 area.

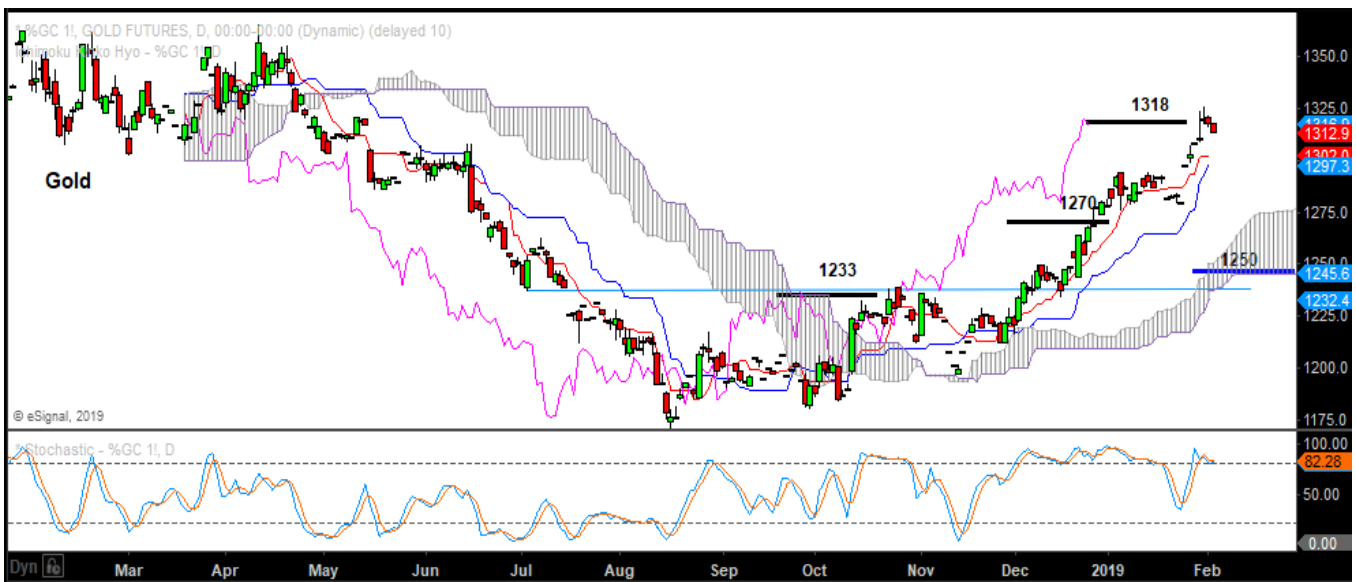
Storage currently at 2,197 Bcf after a 173 Bcf withdrawal for the week ending January 25, 2019. Natural gas storage level is now 14 Bcf below last year's level and 328 Bcf below the 5-year average. The storage number for the last week of delivery should be big, but any reaction will be muted by the warm trend.

Power:

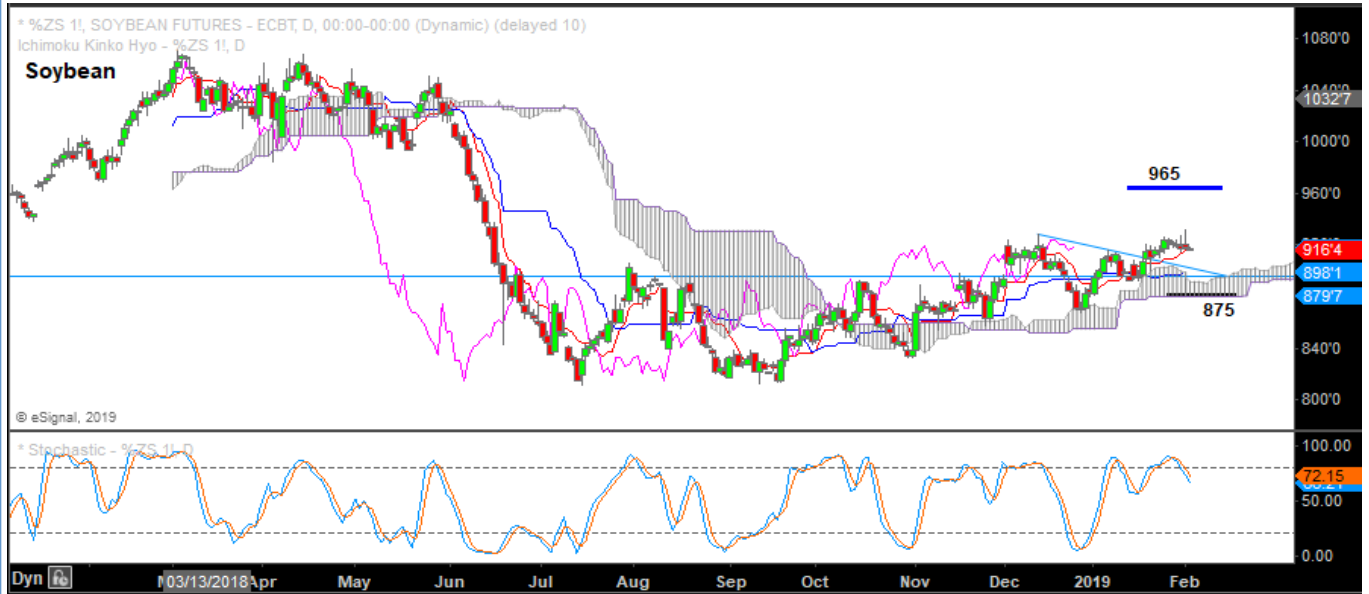
Monthly Day-Ahead Peak Fixed Price Futures Settlements in \$/MWh															
Contract	PJM West Hub			MISO Indiana Hub			NYISO Zone J			ERCOT North			CAISO SP-15		
	01/31/19	01/17/19	Change	01/31/19	01/17/19	Change	01/31/19	01/17/19	Change	01/31/19	01/17/19	Change	01/31/19	01/17/19	Change
Mar-19	37.65	44.80	(7.15)	33.55	36.70	(3.15)	43.50	50.30	(6.80)	28.73	33.56	(4.83)	35.75	36.85	(1.10)
Apr-19	36.75	38.40	(1.65)	35.75	36.00	(0.25)	40.90	41.50	(0.60)	28.69	29.93	(1.24)	29.25	28.85	0.40
May-19	37.20	38.50	(1.30)	36.50	36.60	(0.10)	37.00	37.70	(0.70)	35.06	35.83	(0.77)	28.45	28.40	0.05
Jun-19	35.65	36.35	(0.70)	35.35	36.00	(0.65)	38.55	38.70	(0.15)	50.60	51.42	(0.82)	41.00	43.75	(2.75)
Jul-19	40.25	41.30	(1.05)	40.10	40.50	(0.40)	48.80	48.00	0.80	106.59	107.67	(1.08)	60.95	68.65	(7.70)
Aug-19	37.05	37.90	(0.85)	36.90	37.05	(0.15)	43.00	44.20	(1.20)	175.57	177.34	(1.77)	65.45	73.00	(7.55)
Sep-19	36.95	37.15	(0.20)	37.25	37.10	0.15	40.10	39.60	0.50	41.60	41.79	(0.19)	50.45	55.25	(4.80)
Oct-19	34.75	34.85	(0.10)	34.90	34.80	0.10	35.80	35.15	0.65	30.90	31.40	(0.50)	42.70	44.25	(1.55)
Nov-19	35.10	35.00	0.10	34.50	34.15	0.35	40.25	39.65	0.60	26.07	26.45	(0.38)	41.60	44.00	(2.40)
Dec-19	38.25	39.10	(0.85)	35.70	36.45	(0.75)	51.20	50.80	0.40	26.20	26.47	(0.27)	44.85	46.75	(1.90)
Jan-20	51.10	57.60	(6.50)	40.15	42.00	(1.85)	69.10	76.85	(7.75)	32.44	32.97	(0.53)	45.00	47.20	(2.20)
Feb-20	48.60	54.70	(6.10)	37.20	39.50	(2.30)	67.20	74.65	(7.45)	32.42	33.02	(0.60)	43.00	45.15	(2.15)



S&P 500: We reached our 2705 target level and hit a high of 2716. We have very likely turned this market around, as long as any pull back holds the 2565 support. In fact, I would be a big buyer around that area. A bounce from there will set us up for a move bigger than the one we saw over the past 4 weeks.



Gold: Prices reached our 1318 target. Long trade closed at this level. I would like to see a drop and a new buy setup before entering long position.



Soybean: No change in strategy here. The breakout of the blue resistance line saw a follow through in prices. Continue to stay long with target at 965 and stop at 875.



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