



Energy Brief

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Price Overview

The complex managed to find support over the last two sessions after sharp losses registered during the prior week. For the most part it appeared to be short covering as the market had reached oversold technical levels, with the entire complex seeing RSI dip well below 20% during



Wednesday's selloff. Statements from the Saudi Energy Minister also offered support, as he indicated that they were nearing an agreement to extend production cuts into the second half of the year.

The reported meeting of the Russian and Saudi energy ministries on June 10th should provide clues as to whether Russia is on board with production restraint. Whether they and other OPEC+ members are willing to yield market share to the US will remain a key question as we approach the full ministerial meeting later this month.

With the preponderance of fundamentals still negative as US production continues to impress, any follow through of the recent rally will likely find resistance in the 55.50-56.00 area basis July crude.

Natural Gas

Downside pressure continued after yesterday's storage report came in well above estimates with a 119 bcf build in stocks. Prices traded down to 2.305 in the July intraday and have since found scattered buying interest into the end of the week on short covering as the market had become technically oversold.

Weather continues to generate minimal demand concerns, allowing the market to focus on increased production levels and varying export news. The lower end of our support range at 2.30 looks like it will hold for the near term, although a double bottom was put in today before support emerged. Next week looks to have another above average build in store, with estimates pointing to a 111 injection compared to the 5 year at 92 bcf.



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