



Energy Brief

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Price Overview

Weakness returned to the complex as optimism over last week's North Korean news quickly ran its course and concern returned to US production levels. Between positive economic news, tariff concerns, OPEC compliance questions and US output, this market seems to be focusing on a different issue every day. The next few sessions could go a long way toward determining if current concerns regarding the overall production setup outweigh the positive global economic picture.



Adding selling pressure today were comments from the Iranian Oil Minister suggesting that there will be discussions at the June OPEC meeting regarding the easing of production curbs, a sign that members are becoming increasingly worried about US market share improvements in Asia.

With these concerns at the forefront, the potential for members to decide to cheat on the agreement increases. We expect the market to maintain a trading range between 60 and 66 basis prompt crude, and the low end may be tested in the near term with key trend line support coming in near that 60.00 level. At the upper end of the range resistance will likely form on concerns over expanding production by non-OPEC members. Near term attention will be drawn to demand trends outlined in the Monthly IEA report to be released on March 15th.

Natural Gas

The market made a run for the 100 day moving average at 2.788 basis April, punching through to an intraday high at 2.804 before pulling back to settle at 2.778. Another swing in the forecasts brought back the potential for increased demand over the next two weeks and supplied steady buying interest throughout the session. Estimates are pointing to an 87 bcf withdrawal from

storage this week, which compares to a 5 year average draw of 97. This would put overall stocks in the area of 16% below average for this time of year, but has yet to garner much concern from the trade as we head out of winter demand season with what they apparently see as ample supply. Near term we will watch the 2.80 area where it seems likely to maintain resistance with a retrenchment to the 2.70 area possible.



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