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Daily Energy Report - Tuesday 12 April 2016

Natural Gas - (K6) - Neutral (- 0.078 @ 1.912)**R2 = 2.075**

Peg 1.862-1.842 as ideal support for a minor ABC correction off the 2.074 May contract high. Peg 1.788-1.731-1.710 as ideal support for a similar ABC correction in flat price. To indicate something much more bearish is at hand these are the levels the bears first need to crack. Until and unless the bears can make that happen we are inclined to count any retreat as corrective.

R1 = 2.000**S1 = 1.895****S2 = 1.840****WTI - (K6) - Neutral (+ 0.64 @ 40.36)****R2 = 42.50**

Bullish case, WTI is headed to 45.04 next. Bearish case, WTI is about to revisit the 35.24 low. See the recent highs as our line in the sand for the bearish model. Blow through 41.90/42.49 and the door will be open for a run at 45.04 next. Turn lower in front of 41.90/42.49 instead and we will be forced to entertain another leg down on par with the decline from 41.90 to 35.24.

R1 = 41.40**S1 = 39.45****S2 = 38.65****Brent - (M6) - Up ? (+ 0.89 @ 42.83)****R2 = 45.75**

While the bulls were able to clear the spot high at 42.54 they could not push Brent through the June contract high at 43.10. So no break out yet. But the situation does look constructive. Assuming the bulls can build on Monday's price action the next step up for Brent would target the 46.42-46.81 area. Bears will need to generate an immediate reversal Tuesday to jeopardize a march higher.

R1 = 44.45**S1 = 41.70****S2 = 40.80****RBOB - (K6) - Up ? (+ 0.0440 @ 1.5077)****R2 = 1.5855**

Another constructive day for the bulls. Problem is, even if they can clear the 1.5134/1.5398 (spot/May) highs our initial upside target, "1"="5" from .8975 is only 1.5451. Not exactly inspiring. So see 1.5451 as the real challenge. If the bulls can bust through here the door will be open for a further push to 1.5998, possibly even 1.7388-1.7492. For now, caution is still warranted.

R1 = 1.5450**S1 = 1.4750****S2 = 1.4530****ULSD - (K6) - Neutral (+ 0.0143 @ 1.2147)****R2 = 1.2760**

If we are going to see failure this is ideally where it should occur. Carve out a top in front of the 1.2762 high and another leg down on par with the decline from 1.2762 to 1.0668 becomes possible near term. Blow through 1.2762 instead and our bullish model will be activated. Would be prepared for a march to 1.3310, possibly even 1.4943 in this case.

R1 = 1.2450**S1 = 1.1895****S2 = 1.1660****Gasoil - (J6) - Neutral (+ 5.25 @ 360.00)****R2 = 381.00**

Like ULSD, if we are going to see failure in Gasoil this is ideally where it should occur. Carve out a top in front of the 381.00 high and another leg down on par with the decline from 381.00 to 312.00 becomes possible near term. Blow through 381.00 instead and our bullish model will be activated. Would be prepared for a march to 396.00, possibly even 447.75 in this case.

R1 = 370.75**S1 = 350.25****S2 = 343.00**

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