



Archer Financial Services, Inc.

Energy Brief

April 21, 2021

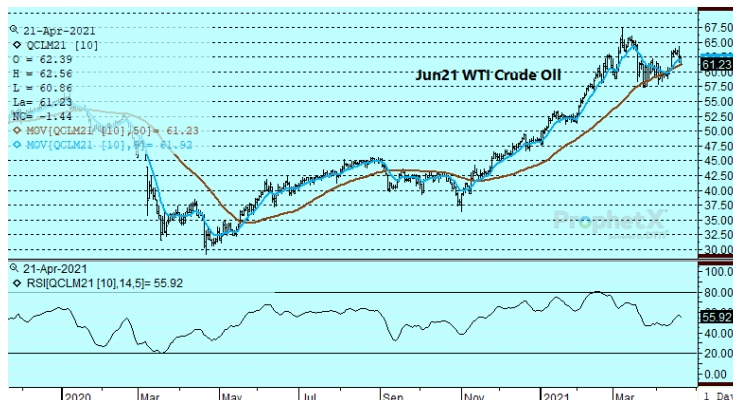
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Price Overview

The petroleum complex came under pressure in response to surging COVID infection levels in India and in advance of the DOE report. News that a force majeure had been called at a major oil field in Libya yesterday had little impact today as the market looked ahead to the OPEC+ meeting on April 26th. The full ministerial meeting might be canceled, while the Joint Market Monitoring Committee is expected to assemble to look at market fundamentals. The gathering is not expected to yield any changes to the deal agreed to earlier this month. The API release yesterday also dulled bullish sentiment as it showed a modest build in inventories compared to expectations for a decline. Support linked to the massing of Russian troops on the Ukrainian border failed to generate follow through as updated information was lacking. A report that oil demand will peak sooner than was expected, if it has not already, also deterred buyers.



The DOE report showed commercial crude inventories rose by .6 mb compared with expectations for a 3 mb decline. Gasoline inventories rose .1 mb compared to .4 expected while distillate stocks fell by 1.1 mb. Crude stocks at Cushing declined by 1.3 mb. Total inventories including products were up by 3.6 mb. Total product supplied at 18.8 mb was disappointing compared to last week at 20.3 mb, with gasoline above last week and distillate lower. Refinery utilization was unchanged at 85 percent.

Ongoing strength to the US and Chinese economies is expected, but the potential setback in India is worrisome. Reported progress on an Iranian accord is also a potential negative given the large excess capacity within OPEC. Today's weakness has taken values down toward the 50 Day moving average at 61.22. Further losses could attract long liquidation to initially test the 57.50 level and potentially down to the 56.00 area before better support emerges ahead of summer.

Natural Gas

Prices have taken a breather after seeing gains of nearly 30 cents over the past two weeks. The June contract ended the day almost 3 cents lower at 2.776 after testing support near the 200 day moving average at 2.74 early in the session. As expected, the pace of LNG feedgas loadings has slowed for seasonal maintenance, dropping below 11 bcf the last two days. The cold snap that precipitated much of the recent strength is also running its course, and the market is beginning to look beyond it to a normalization of temperatures. Production has bounced back after planned maintenance had caused a couple of days of setbacks, which added resistance. Despite the setback we expect the market to favor the upside as LNG exports recover and attention turns to the summer injection season and potential warm temperatures. The 2.87 area looks like the next target, which marks a 68 percent retracement of the February to March break. The 200 day moving average near 2.74 should continue to offer support as the cold front runs its course and LNG flows temporarily slow.



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