



## Archer Financial Services, Inc.

### Energy Brief

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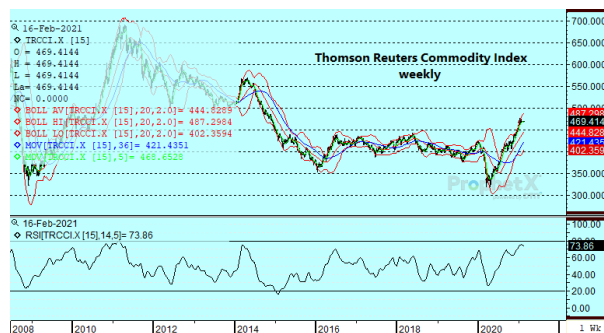
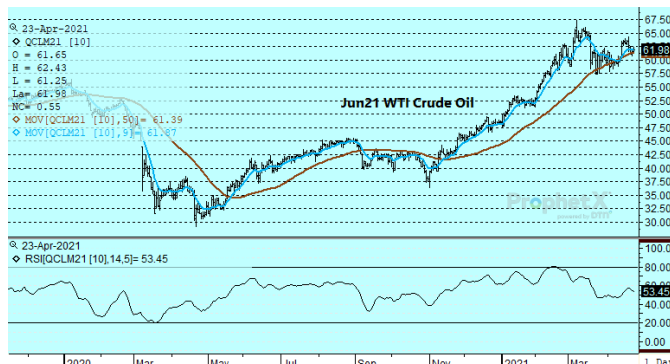
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### Price Overview

The petroleum complex traded in a quiet fashion, attracting some support late in the session. Initial weakness was attributed to concerns regarding the steady increase in COVID infections in India as demand in the third largest consumer could take a hit in the coming months. In addition, the varied pace of global vaccinations particularly in emerging markets continues to tamp down expectations for a quick recovery of international air travel. Nevertheless, reports that production in Libya has been pared back due to budget issues has offered support along with the recovery in other large economies such as the US and Europe where active stimulus measures are showing results. In addition, the general trend higher in commodity price as reflected in the accompanying graph has limited bearish sentiment.

The market is looking ahead to the OPEC+ meeting on April 26<sup>th</sup>. Although the full ministerial meeting might be canceled, the Joint Market Monitoring Committee is expected to assemble to look at fundamentals. The gathering is not expected to yield any changes to the deal agreed to earlier this month. Some focus will be on the Biden Climate Legislation and how it impacts capital investment and longer-term demand

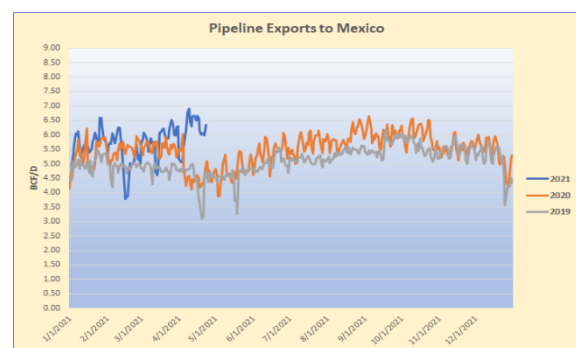
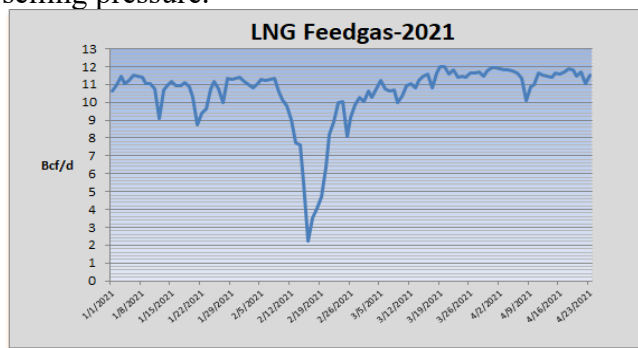


prospects for petroleum products. Another variable will be the Iranian Nuclear negotiations. Reports of progress this past week might invoke caution on the possibility that agreement on the JCPOA might be imminent and could result in a lifting of sanctions by the US. Strength to the US and Chinese economies is expected to continue, but the potential setback in India is worrisome.

The market is continuing to hold the 50-day moving average near the 61.40. A drop through this level could attract long liquidation to test the 57.50 level and potentially down to the 56.00 area before better support emerges ahead of summer, when domestic air travel and driving should pick up appreciably.

## Natural Gas

The market forged another leg up following the weekly storage report yesterday. The 38 bcf injection was well below expectations in the 50 area, as total stocks stand at 1,883 bcf which is just slightly above the 5 year average. Prices moved sharply higher after the release and have maintained most of those gains in today's session. Production recovered back near 91 bcf over the last two sessions and kept prices in check today, as the June settled 1 cent lower at 2.818 on light volume. Despite the weather returning to normal in the coming weeks, we still see potential for the market to work higher as we head toward the summer months. LNG continues to flow at a record pace, and expectations through the fall are for utilization to remain near peak levels. Adding support to the bull case is the impressive pace of exports to Mexico, which have held steadily above 6 bcf/d for the last three weeks. The 2.87 resistance area was tested yesterday and likely gets revisited near term, with 2.95 the next target. Initial support rests near 2.80, and beyond that the 200 day moving average near 2.74 should withstand any additional selling pressure.



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