

WTI Crude Oil CME Futures

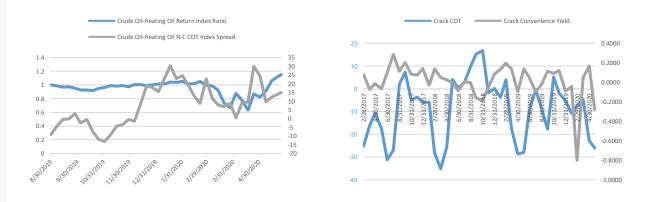
Selling the Crude Oil and Buying the Heating Oil

	roleusis
Day	Sideways
Week	Sideways
Month	Down
Year	Down

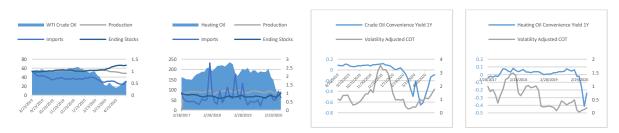
by Okan Aybar aybar@anatoliacapital.com +90 532 354 5938

Open	High	Low	Last	% Ch	Ch.	MTD	YTD	Resistance Sup	Resistance Support Levels		Retracements	Technical Indicators	
35,21	35,90	34,27	34,67	4,44%	1,53	-2%	-41%						
40.00								Resistance 3	35,77	100 %	40,13	MACD	2,1751
35.00 30.00	(#0 ^{.0}	14 _{8.0}			1	+0°T 9#0	•	Resistance	35,04	78,6%	37,95	Bollinger	37,8135
25.00	•••••		•••••	<u>j</u> No	≜ 0∔0 ⁰			Resistance 1	34,47	61,8%	36,72	RSI	63,1657
20.00			<u>194</u> 1990,	1 1				Pivot	34,07	50,0%	34,54	Momentum	5,1500
15.00 · 10.00 ·								Support 1	33,66	38,2%	33,31	400 ma	51,3274
5.00								Support 2	33,09	21,4%	31,13	Fear Greed	1,1828
0.00 -	STAR MINER PARE MINIS	and an an an an an an an an	an wash wan washing	anos shan nos anas	ing har gran grand gr	A Start Start Start Start Start Start	a Spin	Support 3	32,36	0,00 %	25,54	Overall	

While traders try to rationalize the market moves, the fundamental data seem not to comply with the current level of energy complex nowadays. When crude oil traded in the negative territory, the convenience yield was around -60% and the ending stocks were around 520 K million barrels. The latest data show, however, that ending stocks increased even more at a time when the convenience yield inched up to -9%, meaning that traders estimate 9% cost of holding the crude oil. The same data for gasoline and heating oil shows that they are at -11% and -20% respectively despite the fact that the ending stocks of these commodities increased at a much smaller pace than crude oil.



The consequence of this is evident when the crack spread is analyzed. The crack spread shows that it is at its seasonal floor and is looking for a chance to spike up in response to increased hedge demand refineries which may lead the COT indices to rise and support the convenience yields of by-products of crude oil. Also, the COT index spread of crude oil and heating oil does not confirm the outperformance of crude oil against heating oil.



Since we observe that the implied commitment of traders index for the crack spread is close to its seasonal bottom and the implied convenience yield for the crack spread shows some level of strength, we conclude that the spread between the crude oil and heating oil is about to fall. With the given facts, we estimate that the spread between the crude oil and the heating oil will shrink to the advantage of heating oi from late June. Our tests suggest that selling the crude oil against the heating oil as of late June-early July and wait until the beginning of December may be an interesting Intermarket trade.

Any advisor, trading system or comment herein is in no way a direct recommendation of Anatolia Futures or any of its affiliates. Trading commodity futures, options, and foreign exchange ("forex") involves substantial risk of loss and is not suitable for all investors. Managed futures too are very risky and may not be suitable for all investors. Past performance is not necessarily indicative of future results. Please carefully review the disclosure documents and any other promotional material prior to investing with any program. Please consult with a Managed Futures specialists prior to investing.