Creative Global Investments

Oil commentary & charts

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Carlo R. Besenius
Chief Executive Officer
cbesenius@cg-inv.com

Creative Global Investments LLC
115 East 57th Street 11th Floor New York, NY 10022
Tel: 212 939 7256
Mob: 917 301 3734

Creative Global Investments/Europe
5, op der Heed
L-1709 Senningerberg
Luxembourg/Europe
Tel: +(352) 2625 8640
Mob: +(352) 691 106 969

Objectivity

Integrity

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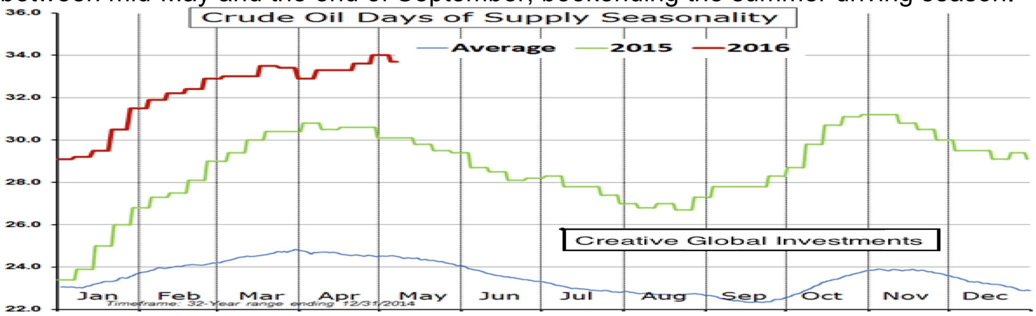
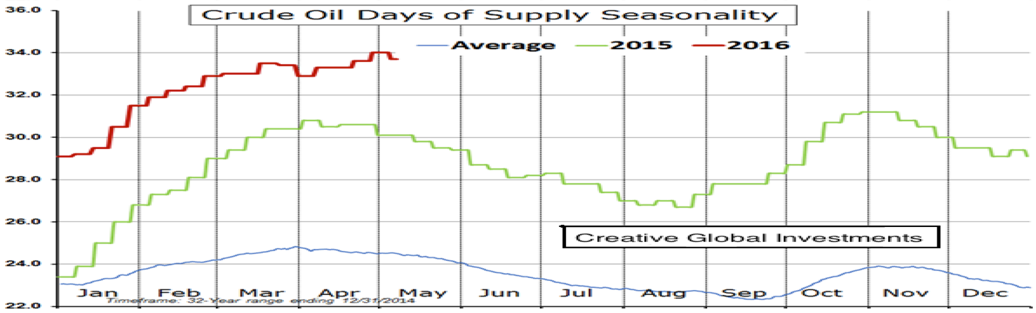
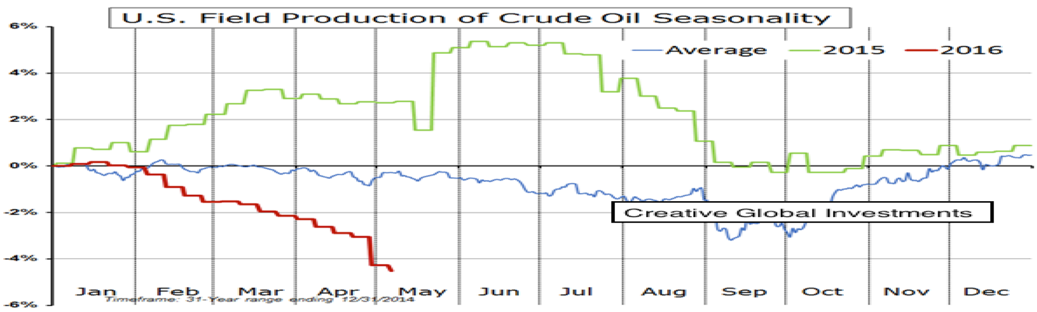
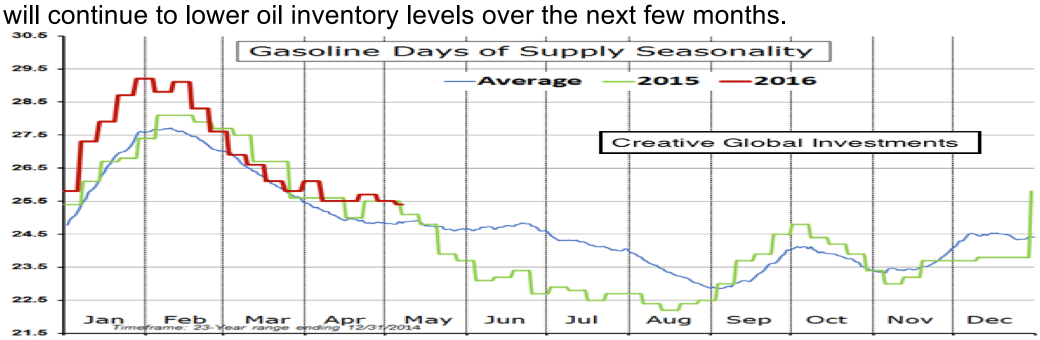
The Energy Information Administration reported a surprise drawdown in energy commodities, sending prices higher. The EIA reported that oil inventories declined by 3.4MN barrels, while gasoline inventories declined by 1.2MN barrels. The days of supply of each ticked lower as oil enters a period where demand typically outpaces production; the increased demand typically results in a decline in oil inventories between mid-May and the end of September, bookending the summer driving season.

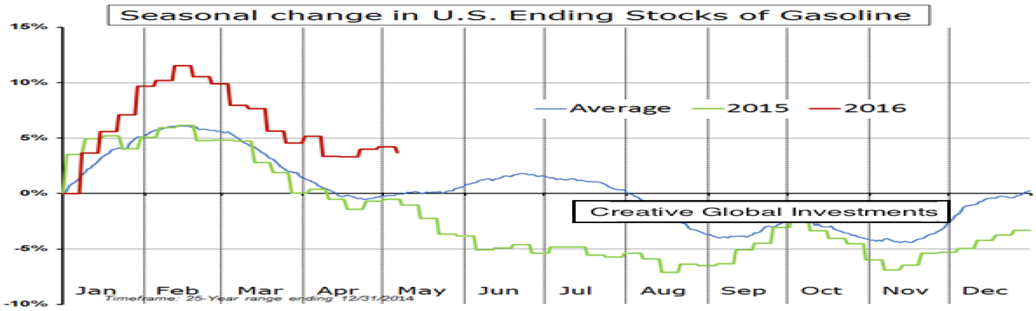


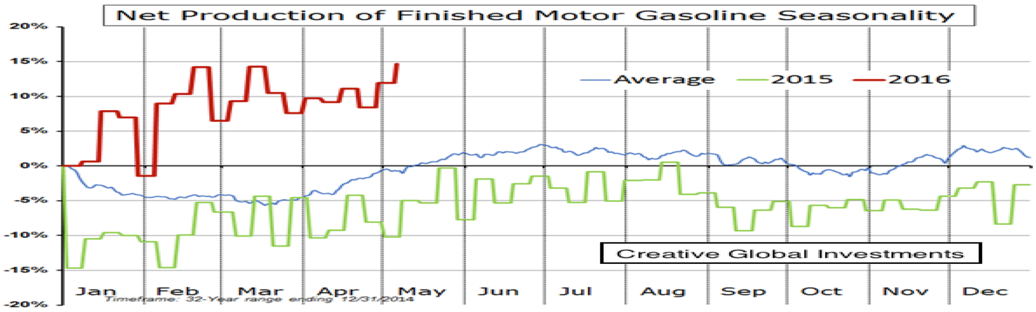




The decline in domestic production combined with an increase in gasoline production will continue to lower oil inventory levels over the next few months.







Oil prices shot up during the session and were still rising after the closing bell. Brent crude was last up 3.99% at $47.71 per barrel, while West Texas Intermediate added 2.83% to $45.96. Subsequent to the EIA report, the price of oil bounced of its 20-day MVA and moved back up to the highs of the year. As we had forecasted in November 2015, the 2016 January and February lows were going to be the bottom for Oil prices, as investors were focusing on a Q2 or the latest Q3 2016 rebalancing between demand and supply, and as it appears, this just is materializing, and hence why we **maintain our $52 Q2 price target for $WTIC, and our $68 price for $WTIC by year-end 2016.**

Additionally, investors reacted to a weaker US$, and commodity sensitive sectors. The US$ Index is testing resistance around its declining 20-day moving average, after recovering from last week's move below support around 93. **The US$ has reversed trend, which we had highlighted in our 2016 Global Investment Strategy in December 2015, and the $USD faces a classic and inevitable full fledged Fibonacci retracement back towards $84 levels** (Remember our numerous heeding's in past writings about "parabolic moves do not last" at least in a chart technical world)

Seasonally, the $USD tends to rise in the month of May, gaining an average of 0.4%, but given the chart technical short term outlook we just laid out, this may not materialize this year.

Carlo R Besenius, CEO & Head of Global Strategy
cbesenius@cg-inv.com
office: +(352) 26 25 86 40
mobile: +(352) 691 106 969
Luxembourg/Europe

Sabine CJ Blümel, Head of Global Automotive Research
sblumel@cg-inv.com
office: +44 (7785) 301588
London, UK

Feliks Lukas, Director of Corporate Consulting
flukas@cg-inv.com
office: 212 939 7256
mobile: +(385) 9848 8951
Kastela, Croatia

Gary Schieneman, Managing Director,
Global Accounting and Finance
gschieneman@cg-inv.com
office: 917-868-6842
New York, NY, USA

Steve Gluckstein, Global Strategist
sgluckstein@cg-inv.com
office: 212 939 7256
mobile: 732 768 8843
New York, NY, USA

Marc Peters, Head of Global Industrial Strategy
mpeters@cg-inv.com
office: +(352) 26 25 86 40
mobile: +352 621 36 44 50
Luxembourg/Europe

Allison M Cimon, Director of Sales & Technology
amcimon@cg-inv.com
office: 646 228 4321
Boston, MA, USA

Jennifer Crisman, COO
jcrisman@cg-inv.com
office: +(352) 26 25 86 40
Luxembourg/Europe