

THANKS, BUT, NO THANKS

TOP HEADLINES:

- Euro zone lost some growth but oil prices help: ECB
- Saudi Arabia oil pumping at record high as Trump raises pressure
- Signs German economy cooling as Brexit, trade conflicts weigh: Ifo

MarketUpdate	Month	Last Close	Change	S/T Bias	Viewpoint
WTI Crude Oil	January	50.80	0.38	Positive	OPEC-Russia set to tighten supplies... again.
Brent Crude Oil	February	59.77	0.72	Positive	Global production outages drain supplies
RBOB Gasoline	January	1.3901	.0141	Neutral	Seasonal price downturn underway
ULSD Heating Oil	January	1.8838	0136	Neutral	Diesel demand strong on robust global economy
Natural Gas	January	4.081	-.274	Neutral	Bulls finally gaining upper hand

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US ECONOMIC EVENTS TO WATCH THIS WEEK

Monday 11/26

- Ifo Business Climate (GER)
- Chicago Fed (USA)

Tuesday 11/27

- OPEC Meeting (EUR)
- CB Consumer Confidence (USA)

Wednesday 11/28

- GDP (USA)
- New Home Sales (USA)
- EIA Petroleum (USA)

Thursday 11/29

- Consumer Confidence (EUR)
- Jobless Claims (USA)
- Natural Gas (USA)
- Mfg PMI (CHN)

Friday 11/30

- B-H Rig Count (USA)

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[Full Weekly Economic Calendar Overview \(Bloomberg\)](#)

Global Macroeconomic

Finally, there is some green on the screen for the S&P 500 futures board. A Brexit deal was struck over the weekend, and that appears to be giving the market some relief, but it is a take-it-or-leave-it one from the EU. So, this is still a jump ball given Prime Minister May's low popularity. The U.S. – China trade war will be on full display in the lead up to the G20 meeting later this week. In short, the ills that have struck the equity market remain, and our sense is that today will come to stand as a temporary relief rally, with more downside to come. It is still a sell-the-rips market.

Petroleum Complex Fundamentals

Speaking of relief rallies, oil prices are experiencing one this morning, after an epic rout on Friday that came on the heels of an epic month-long sell-off, where prices have fallen by a third. This morning's rally comes despite reports that Saudi production has risen to over 11 million bpd, a new record for the kingdom. Of course, the output surge came in response to expected sanctions on Iran's oil output, which failed to materialize. OPEC and Russia are going to have to react to the price fall. Still, we would not rush into buy this market, just yet.

Technical Analysis: WTI Crude Oil

Prices plunged on Friday, installing another large daily price bar. Given the holiday overhang, volume was limited, which works against calling the session as a blow-off bottom. The price action to start the week also works against calling a bottom, as well, as another new low for the move was made in overnight trading. The large daily price bar should be subject to some retracement, which we are getting this morning. At this point, the chart remains very bearish, and we would not play for much of a bounce back higher.

Natural Gas Fundamentals

The price fever may have broken, with prices sinking back toward \$4.00, despite a strengthened demand outlook for the early part of next month. Prices are not getting support from that, and they did not get much support from last week's storage report, either, even though it was supportive. We now know that some of the recent histrionics was due to some spectacular forced liquidation. We remain bullish on prices, longer-term, but you may want to play for some near-term downside.

Technical Analysis: Natural Gas

Prices continue to trade in a wide-range between, roughly, \$3.90 and nearly \$4.90. The range has been scaled up and down several times with many large daily price bars from the wide daily ranges. It has made short-term trading perilous. Prices appear to be readying a test of support at \$4.00, eyeing a potential move back down to the \$3.50 area. The chart remains a difficult read, but the bears appear to have attained the upper hand, for now. Still, play small, if at all.

Today's Key Point: Wit was a rough week, last week, and low volume, holiday, environments can produce outsized moves in markets, and that is what Friday produced. It might have been Black Friday at the mall, but it was Red Friday on Wall Street. Unfortunately, for the bull sin the market, the low volume robbed them of the solace that Friday could be seen as a blow-off bottom, both for equities and crude oil. There is a lot of political risk brewing this week. Be careful. The bottom is not in, yet, for stocks or oil.

Economic Data

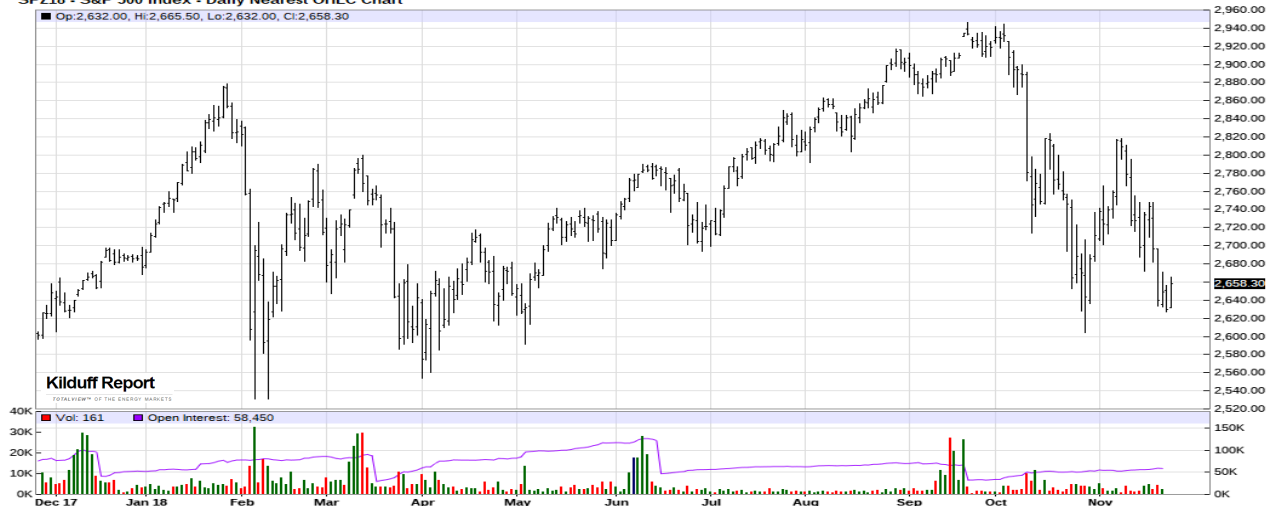
MONTH ACTUAL PREV EFFECT ANALYSIS

Ifo Business Climate (GER)	OCT	102.0	102.9	NEG	This was another sign of economic worry in Germany and the euro zone more broadly. Brexit is weighing as is the U.S. inspired trade war over base metals.
Chicago Fed (USA)	OCT	0.24	0.14	NEG	We are starting to see signs of worry in the U.S. economy, with the commentary about a shaky 2019 being on the rise. Keep your eye out for more data like this.

ExpandedView: Global Macroeconomic

The stock market was not in a holiday mood last week. In fact, it seemed to be cheering the latest rendition of the Grinch movie in the theatres right now. The worries over the trade war between the U.S. and China weighed, again, and the concern that the Fed is ignoring warning signs about the economy, pushing ahead with its monetary tightening regime. There is some hope that the stock market swoon and the rally in bond prices will get the Fed's attention, but it is far from certain. Political risk is on display again this week, with Trump administration officials heading to the G20 with hopes of securing a trade deal with China. That, too, is far from certain. It does appear, however, that the Trump administration moderates on China trade have prevailed. We see it as window dressing, and the Chinese appear as dug in as some of the administration hawks. Many stocks are down a lot, already, but there appears to be more losses ahead for the major indices. China and the Fed will continue to weigh.

SPZ18 - S&P 500 Index - Daily Nearest OHLC Chart



QuickView: Global Macroeconomic/Technical Analysis – S&P 500 Index Futures (SEP)

There is some consolidation occurring near the recent lows. A head-and-shoulders pattern is visible, as well based on using the recent high as the head. But the recent action presents a confused chart picture. There is arguably a double-top and double-bottom visible. After taking a selling breather, here, we expect another test of the low from October. Play for more extended losses.

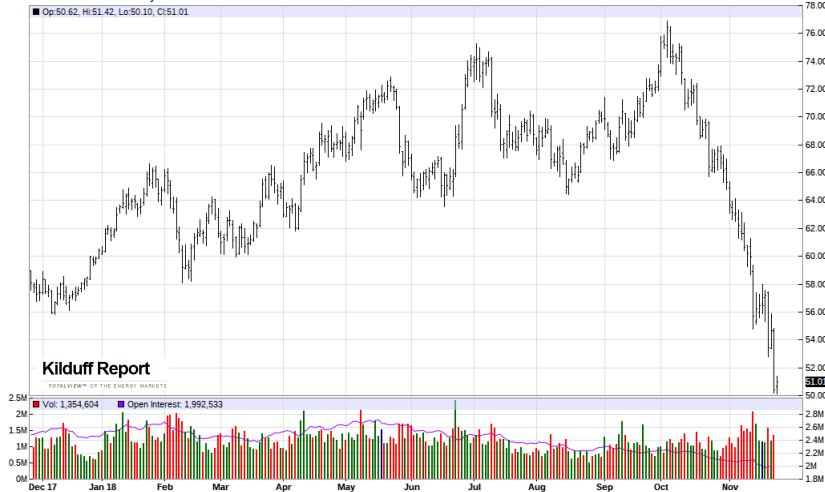
CAT-5	MACRO ECONOMIC	FUNDAMENTAL	TECHNICAL	SENTIMENT	GLOBAL SITUATIONAL
READINGS	NEU	NEU	NEU	NEG	NEG

CAT-5 Focus	READING	ASSESSMENT
MACRO ECONOMIC	NEU	There are growing concerns that the crude oil sell-off is a symptom of broader slowing in the global economy. Emerging market economies, Europe and China are showing signs of flagging, Is the U.S. next? Maybe. It is hard to remain an isle of prosperity.

ExpandedView

Oil prices are posting a modest rebound, after last week’s rout, which culminated in Friday’s sell-off of nearly 7%. Prices are down by one-third, since the high in October near \$77.00. There are conflicting elements around the market this morning. There are continued rumblings out of OPEC that a covert deal to cut output will be struck at the upcoming OPEC+ meeting. Although, prior to that confab, key oil producers will be at the G20 meeting this week, notably Saudi Arabia and Russia, where some clarity about the prospects for a output cut should emerge. The Russians appear to be reluctant warriors in the war on the supply glut, part two. While the Saudis are making noise about cutting back, they don’t dare risk the wrath of President Trump, who has repeatedly called on Saudi and others to lower prices more. The kingdom’s output has steadily risen, as well, to over 11 million bpd, for the first time ever. Still, there are signs that KSA is making move to right the market, by reducing volumes for next month overall and to the U.S., in particular. We tend to abide the Saudi desire for higher prices, but not quite yet.

CLF19 - Crude Oil WTI - Daily Nearest OHLC Chart



PIVOT TABLE	
RESISTANCE-3	61.14
RESISTANCE-2	56.47
RESISTANCE-1	53.44
PIVOT	51.80
SUPPORT-1	48.77
SUPPORT-2	47.13
SUPPORT-3	42.46

ExpandedView: WTI Crude Oil Technical Analysis

Prices plunged on Friday, and there is a decent rebound from those losses underway. Friday’s large daily price bar makes it vulnerable to retracement, but the overall chart presentation remains bearish. The Friday selling made for a seriously oversold market. The downtrend channel that emerged off of the high from last month near \$77.00 remains intact and the controlling feature of the chart. The most recent leg lower has become rather steep, so some retracement and/or consolidation should be expected. Sell into strength.

CAT-5

MACRO ECONOMIC

FUNDAMENTAL

TECHNICAL

SENTIMENT

GLOBAL SITUATIONAL

READINGS

POS

POS

POS

POS

NEU

CAT-5 Focus

READING

ASSESSMENT

MACRO ECONOMIC

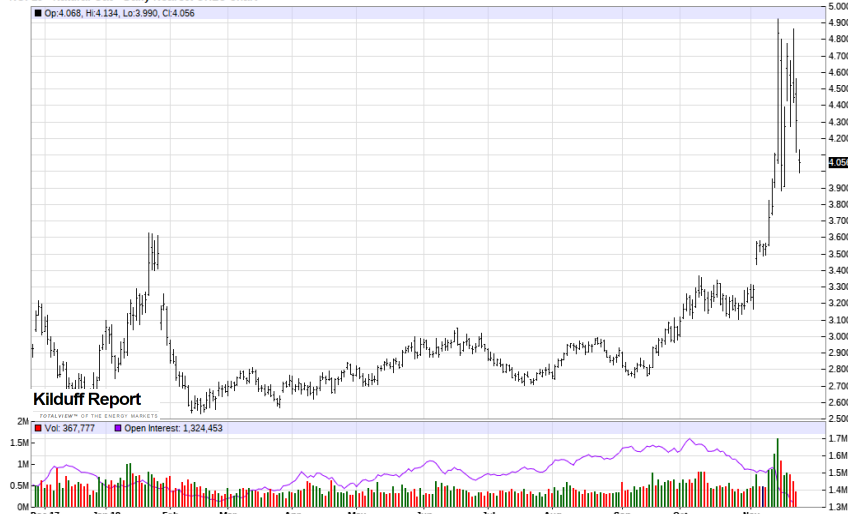
POS

The U.S. economy remains strong, at least based on the numbers. There is low unemployment, inflation is in-check, and GDP growth is strong. Still, the stock market swoon is worrying folks, and bond yields are ticking lower, in response. We are on watch.

ExpandedView

The natural gas market remains a roller coaster, where prices swing wildly, on the slightest change in sentiment or weather outlook. The raging bullish fever may have broken, as quickly as it came upon the market. A fairly large forced liquidation in the natural gas options market contributed to the spike higher last week. In case you didn't hear, an outfit that managed separate accounts "specialized" in selling options short. Their skills failed, them, however, when natural gas prices spiked higher, wiping out their clients' account balances. The fundamental set up remains bullish for the market, however, with the persistent storage deficit and low level of supplies. While there is mild temperatures in the East over the next several days, at least one weather model shows significant strengthening, as we get into the heart of December. The upcoming storage reports should prove supportive, as well, due to the cold snap that was just endured in the Northeast. The wild swings have made this market untradeable, but a grind lower in the very near-term may be worth playing for.

NGF19 - Natural Gas - Daily Nearest OHLC Chart



PIVOT TABLE

RESISTANCE-3	5.221
RESISTANCE-2	4.775
RESISTANCE-1	4.542
PIVOT	4.329
SUPPORT-1	4.096
SUPPORT-2	3.883
SUPPORT-3	3.437

ExpandedView: Natural Gas Technical Analysis

Prices remain volatile, but they appear to be settling down, finally, near the lower end of the recent range. Prices took a run at \$4.00 support, in early trading, but it held up. Prices remain in a wide range between about \$3.90 and \$4.90, which is, of course, a ridiculously wide range. There are large daily price bars all over the place that scale the range, in both directions. The chart still retains the major bullish chart formation, the island bottom, however. For now, prudence dictates staying out or playing very small, basis the chart.