

CHART OF THE DAY

June 15, 2017

Spotlight on : Crude Oil

Our Chart-of-the-Day has been taken from our Equity Clock report that we posted on our website today.

We are reproducing the full Equity Clock report at the following link just in case you missed it:
http://www.eresearch.ca/wp-content/uploads/2017/06/EquityClock_061517Th.pdf

From Equity Clock:

Turning to the weekly report on petroleum inventories from the Energy Information Administration (EIA), stockpiles of crude oil fell less than expected last week, down by 1.7 million barrels in the period ending June 9th. Gasoline inventories, meanwhile, were higher by 2.1 million barrels.

The result subtracted two-tenths of a day from the days of supply of oil, now sitting at 29.5, and gasoline saw a rise of three-tenths of a day to 25.4.

Seasonally, the spring rise in gasoline stockpiles peaks, on average, in the last week of June. As for oil, following one of the largest year-to-date increases in history, domestic oil production is showing signs of levelling off, halting the multi-month rising trend as the price of the commodity struggles.

COMMENT (B.W.):

Let me repeat part of that: "...domestic oil production is showing signs of levelling off, ..."

A big concern has been that U.S. oil production was increasing so quickly and was off-setting the OPEC supply constraints. If supply can stabilize, there should be a recovery in the "oily" stocks.

Domestic production is higher by 6.4% year-to-date, far surpassing the -0.4% average change over the same timeframe. Seasonally, production typically declines through June and July as an increase in imports suffice the heightened demand through the summer.

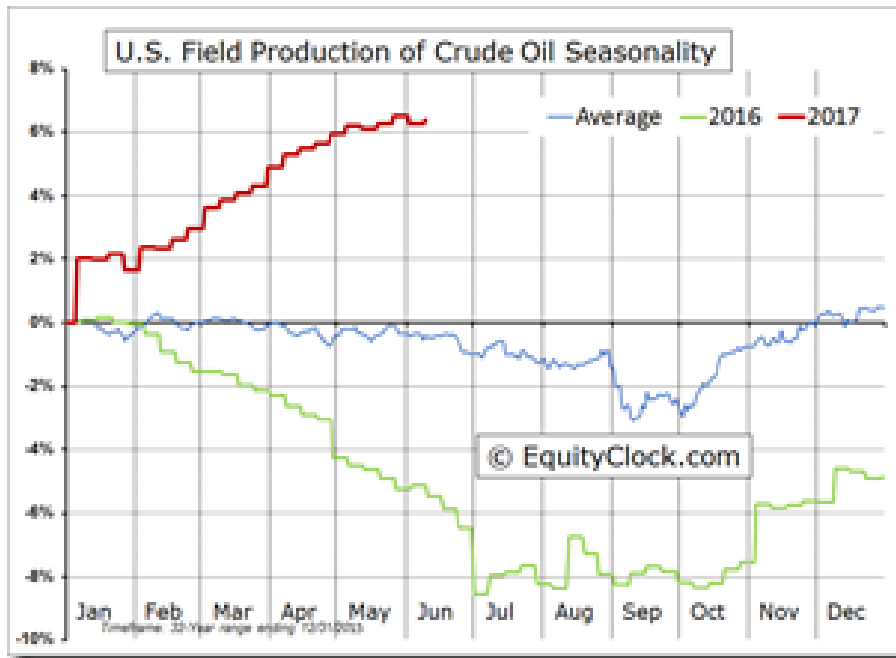
The price of oil fell sharply following the report yesterday, breaking below support at \$45. The lower limit of the declining trend channel is now being tested, as shown in the chart on the following page.

WTI Crude Oil Price (May 2016 – June 2017)

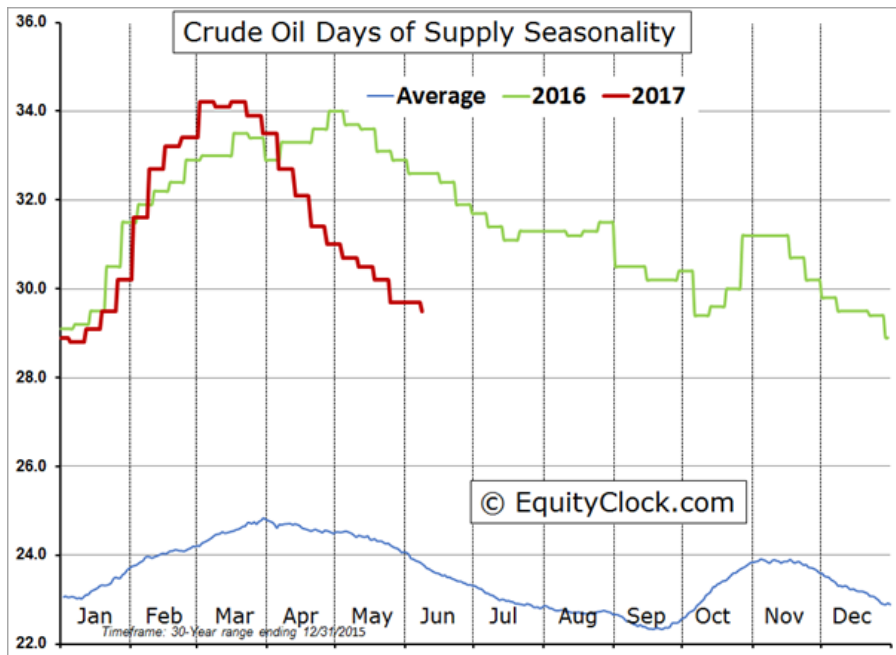


<continued>

The next chart shows U.S. domestic oil production ...



... followed by days of supply of crude oil seasonality:



See Disclaimer on the following page.



***e*RESEARCH DISCLAIMER**

***e*Research Disclosure Statement**

*e*Research is engaged solely in the provision of equity research to the investment community. *e*Research provides published research and analysis to its Subscribers on its website (www.eresearch.ca), and to the general investing public through its extensive electronic distribution network and through newswire agencies.

With regards to distribution of its research material, *e*Research makes all reasonable efforts to provide its publications, via e-mail, simultaneously to all of its Subscribers.

*e*Research does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.