



The Coffee Cup News



From the desk of:

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Good Morning Hannah,

Below you will find your copy of today's Coffee Cup News. We encourage you to follow the action live in the Stanton Live Trading Room with dynamic charts and live analysis. We appreciate your business and good luck. We are always here to help.

Henry Marchell
Managing Director and Founder
Stanton Analytics

**There is no greater compliment than to refer me to your friends or colleagues.
Referrals have been the cornerstone of our business since the beginning.
Thank you for your trust.**

*"The task of a good trader is to calculate in advance and with accuracy every factor,
so that the market develops as beneficial to him as possible; profit is then simply a
necessary consequence..."*
-Sun Tzu (paraphrased)

The Overnight Roundup

Despite a bearish IEA report and a surge in virus victims the energy markets managed to show positive settles. Buoyed by a stock market that continues to ignore reality and press to new highs, oil held steady above 51.00.

CORONAVIRUS

China confirms 15,152 new cases; 254 additional deaths. Using the new diagnosis method (or reporting method) cases rose above 13,000 in Hubei province.

The 242 new deaths on Wednesday is the fastest rise in the morbidity rate since the virus was reported.

Meanwhile, there are stranded tankers; full storage tanks that is leaving China with a glut.

- The White House says China under reports virus cases by 100,000.
- The official death toll is 1367.
- The fifteenth coronavirus case was diagnosed in Texas.
- Shanghai has banned people and cars from entering the city at midnight February 14th.

IEA

Their monthly report was published Thursday and it was not a rosy picture for demand.

Below are the important facts released.

The global energy watchdog issued their monthly report today. Below are the salient bullet points.

- It sees the first quarter oil demand growth to drop for the first time in 10 years.
- It blames the virus and its effect on China's economy.
- They axed the demand growth forecast for 2020 by 365 kb/d or a 30% cut from its January forecast.
- That's the good news. For Q1 it sees a monumental drop of 435 kb/d.
- Since SARS, China's appetite for oil more than doubled. Therefore, using SARS as an analogue is not wise. The demand destruction from the coronavirus is going to be much larger.
- The agency sees a 14% fall in jet-fuel consumption for the Asian giant.
- Gasoline and diesel; demand will fall 12% and 13% respectively.
- Oil supply is seen shrinking by 800 kb/d, of which OPEC accounts for 700 kb/d in keeping with the December agreement
- Global refinery runs are forecast to plunge 700 kb/d.
- As for OPEC supply, the UAE was good for 300 kb/d cut while Libya's civil war stoppage amounted to 360 kb/d.
- Non-OPEC production growth of 2.1 mb/d was kept unchanged although it noted US growth would slow.
- There will be extra barrels from Brazil, Norway, Canada and Guyana.

Middle East

Iran said it will hit Israel if they make the slightest mistake.

The US seized a ship allegedly carrying missiles to Yemen. It also said the attack on US troops in Iraq was the work of missiles and not rockets. The reason for the change of designation escapes us. The end result is the same.

Refineries

The early news Thursday was that Exxon's Baton Rouge plant would be up this weekend. That was changed later in the day to it being uncertain. It originally supported rboob, but with a huge jump in open interest Wednesday profit taking ensued.

Meanwhile P-66'S Bayway refinery's FCC unit is expected to be down a month.

We continue to feel the news out of China is bearish and the recent lows should be tested. The market is going to force OPEC into a corner.

West Texas Intermediate Futures - Crude Oil (CL)

Technical Analysis

Yesterday's Recap

High	51.96	Change	0.35	0.7%
Low	50.60	Range	1.36	2.6%
Close	51.52	@CL=100XN	2/13/2020	

Technical Analysis-Daily Chart

Resistance 2	53.36	50 Period MA	57.24	Bearish
Resistance 1	52.31	100 Period MA	56.40	Bearish
Closing Price	51.52	200 Period MA	56.73	Bearish
Support 1	51.77			
Support 2	51.00	Daily Trend		Short Term Peak

Technical Analysis-Weekly Chart

Resistance 2	55.19	50 Period MA	57.40	Bearish
Resistance 1	52.94	100 Period MA	60.33	Bearish
Closing Price	51.52	200 Period MA	55.63	Bearish
Support 1	47.08			
Support 2	42.36	Weekly Trend		Down

It's counterintuitive. The more desperate news that comes from China, the stronger the market gets.

- It is the belief the PBOC will do whatever it takes to restore the economy.
- But there is fuzzy logic and bad statistical analysis that traders are banking on.
- Overnight WTI reached its key upside pivot.
- The White House said Thursday that it suspects the Chinese are under reporting virus diagnosis by 100,000.
- Nevertheless, March closed on a strong note.
- It may stretch to test key resistance at 52.20 to 52.30.
- The release to 53.30 to 53.40 is triggered by a 1-minute settle above 52.45.
- We see March moving lower after tagging the resistance zone.
- There is initial support at 51.80 to 51.70.
- The tipping point for a potential drop to trend support at 51.00 to 50.90 is tilted south with a 1-minute settle below 51.60.



West Texas Intermediate Futures - Crude Oil (CL)

Brent Crude Oil Futures (BRN)

Technical Analysis

Yesterday's Recap

High	56.83	Change	0.39	0.7%
Low	54.96	Range	1.87	3.3%
Close	56.18	@BRN=100XN	2/13/2020	

Technical Analysis-Daily Chart

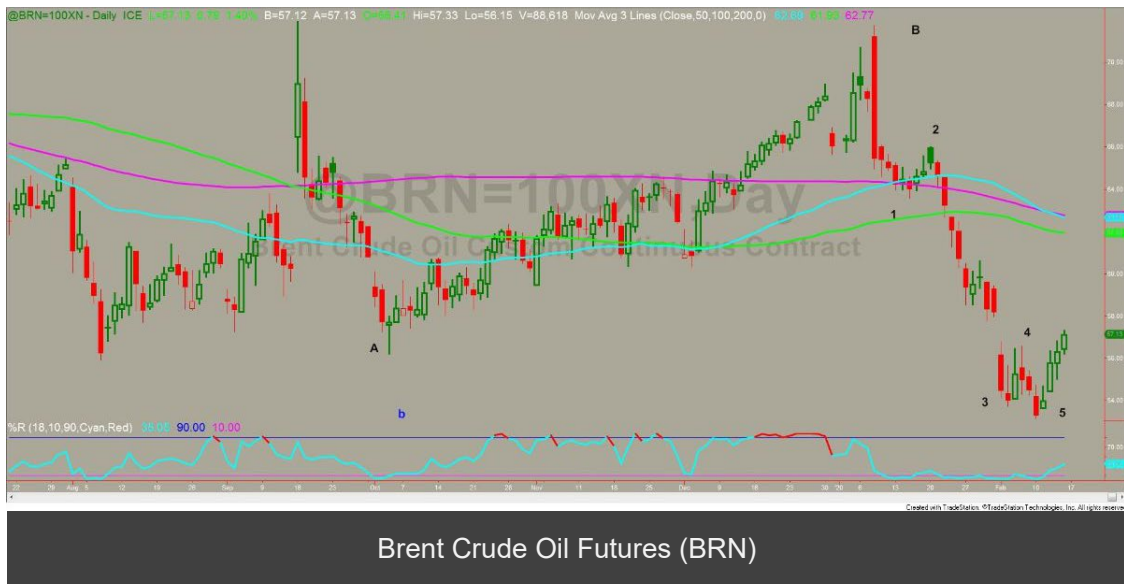
Resistance 2	57.71	50 Period MA	62.81	Bearish
Resistance 1	56.97	100 Period MA	61.98	Bearish
Closing Price	56.18	200 Period MA	62.84	Bearish
Support 1	56.42			
Support 2	55.65	Daily Trend		Short Term Peak

Technical Analysis-Weekly Chart

Resistance 2	61.30	50 Period MA	64.15	Bearish
Resistance 1	58.39	100 Period MA	67.55	Bearish
Closing Price	56.18	200 Period MA	60.79	Bearish
Support 1	51.49			
Support 2	49.93	Weekly Trend		Down

The Saudis cut shipments to Asia and there is a glut of oil in China.

- It appears the algos put a squeeze on the shorts for a test of 57.00.
- However, a pickup in crude buying by the teapots taking advantage of low prices gave a boost to the bulls.
- The perception is that the disease will be short lived.
- It is possible London gives it another try, but there is blockage shown at 56.90 to 57.00.
- The release to a strong barrier at 57.60 to 57.75 is the result of a 1-minute settle above 57.15.
- April's first pass support is at 56.50 to 56.40.
- The risk marker to this base is 56.05.
- Penetration of that level would sight 55.25 to 55.15.
- We think the weekend risk is to the downside.



WTI - Brent Spread

Technical Analysis

Yesterday's Recap

High -4.39

Low -4.71

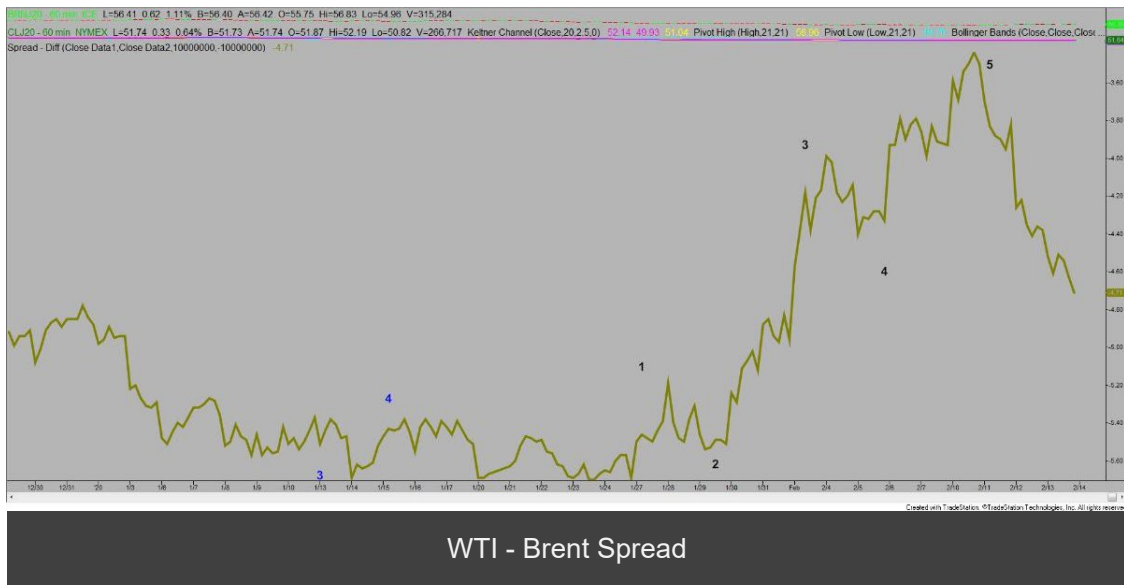
Close -4.68

Technical Analysis-Daily Chart

Daily		Weekly	
Resistance 2	-4.28	Resistance 2	-2.97
Resistance 1	-4.50	Resistance 1	-3.56
Closing Price	-4.68	Closing Price	-3.92
Support 1	-4.90	Support 1	-4.52
Support 2	-5.55	Support 2	-5.47
Daily Trend	Correct Lower	Weekly Trend	Correct Lower

Iranians fire on a location with US troops while have a ship intercepted heading to Yemen with missiles.

- An active demonstration from Iran despite US waivers afforded to Iraq can only have us surmise that more is come.
- The sell short day hit the arb hard with more weakness forthcoming.
- The cluster to put up with the fight against the bears is identified at -4.90 to -5.02 as the 70.7%, 227%, and a 161.8%.
- Faltering beneath -5.18 overlap for 5 minutes seeks depths at -5.45 to -5.55 range.
- Once a buy day low is found a reactionary rebound can find -4.50 area with -4.28 as the extension.
- We regard the arb as seeking a short-term low.



NY Harbor Blend Stock Futures (RBOB)

Technical Analysis

Yesterday's Recap

High	1.614	Change	0.002	0.1%
Low	1.556	Range	0.057	3.6%
Close	1.583	@RB=100XN	2/13/2020	

Technical Analysis-Daily Chart

Resistance 2	1.631	50 Period MA	1.620	Bearish
Resistance 1	1.601	100 Period MA	1.626	Bearish
Closing Price	1.583	200 Period MA	1.714	Bearish
Support 1	1.569			
Support 2	1.532	Daily Trend		Short Term Peak

Technical Analysis-Weekly Chart

Resistance 2	1.629	50 Period MA	1.756	Bearish
Resistance 1	1.575	100 Period MA	1.806	Bearish
Closing Price	1.583	200 Period MA	1.702	Bearish
Support 1	1.464			
Support 2	1.361	Weekly Trend		Correct Higher

March paraded up through its 200 dma and the algos ran the stops above it.

- That being said, they were unable to settle above the important trend.
- It appears as if the machines will give it another go today.
- However, their first blockage to vault is at 1.60 to 1.6050.
- The hinge to the resistance is opened by a 1-minute settle above 1.6140.
- In this event a climb to 1.63 to 1.6350 is sighted. We think this unlikely.
- In fact, if our count is correct, March might not take out the high of yesterday.
- Removal of 1.5680 for 1-minute would allow a drop to 1.5575 to 1.5525.
- The extension pivot is 1.5480, which is the gateway to 1.53 to 1.5250.



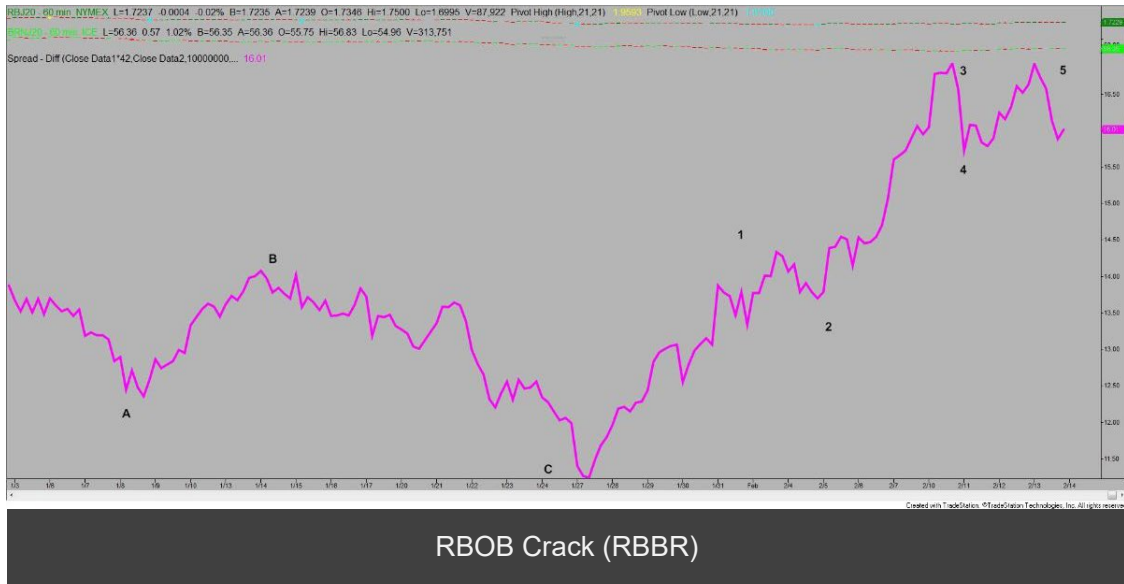
RBOB Crack (RBBR)

Technical Analysis			
Yesterday's Recap			
High	16.92		
Low	15.89		
Close	16.01		
Technical Analysis-Daily Chart			
Daily		Weekly	
Resistance 2	17.25	Resistance 2	17.71
Resistance 1	16.45	Resistance 1	16.71
Closing Price	16.01	Closing Price	15.99
Support 1	-14.50	Support 1	15.13
Support 2	-15.30	Support 2	14.21
Daily Trend	Correct Lower	Weekly Trend	Correct Higher

Exxon Baton Rouge refinery still assessing damage and capability of timely repairs.

- The outage has been priced in but lingering complications can cause immediate rebounds.
- As such a reactionary April crack has modest weakness looking for 15.36

- to 15.15 as the 127%, 38.2% retracement.
- Persistent weakness beyond the 50% retrace at 14.70 begets a collapse into 14.35 region.
- A low can be declared if April has the opportunity to retest 16.45 height.
- Sustaining above 16.90 makes for a new breakaway high at 17.25 peak.
- We look upon the crack as correcting lower.

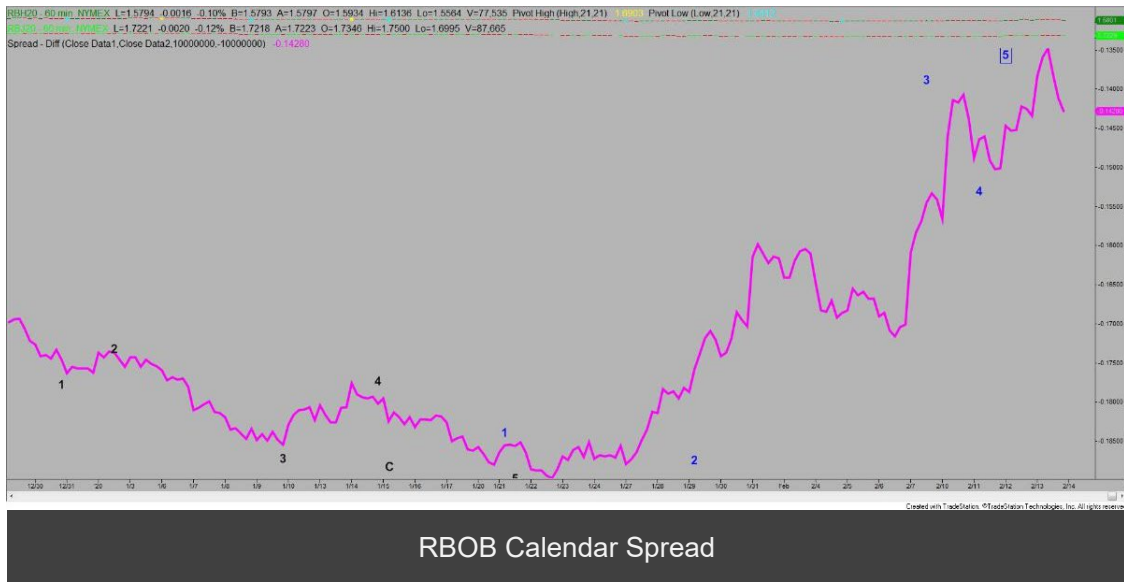


RBOB Calendar Spread

Technical Analysis			
Yesterday's Recap			
High		-13.45	
Low		-14.28	
Close		-14.25	
Technical Analysis-Daily Chart			
Daily		Weekly	
Resistance 2	-13.19	Resistance 2	-13.52
Resistance 1	-13.78	Resistance 1	-14.27
Closing Price	-14.25	Closing Price	-15.37
Support 1	#REF!	Support 1	-16.19
Support 2	#REF!	Support 2	-17.52

Exxon's Baton Rouge plant is undecided in its ability to restart as the bulls exhaust themselves.

- As it stands now, the buy day looks to drag March-April into --1450 to -1465 as the 161.8% and 88.6% extensions.
- If the -1500 pivot cannot hold, an additional collapse seeks the -1530 depths.
- Once a buy day low is established the resulting rebound seeks -1393 to -1378 height on first attempt.
- Further ascension beyond -1346 begets -13.19 to -13.05 peaks.
- We regard the spread as seeking a short-term low.



Ultra Low Sulfur Diesel Futures (USLD - HO)

Technical Analysis

Yesterday's Recap

High	1.696	Change	0.005	0.3%
Low	1.660	Range	0.036	2.1%
Close	1.681	@HO=100XN	2/13/2020	

Technical Analysis-Daily Chart

Resistance 2	1.718	50 Period MA	1.869	Bearish
Resistance 1	1.695	100 Period MA	1.898	Bearish
Closing Price	1.681	200 Period MA	1.906	Bearish
Support 1	1.663			
Support 2	1.643	Daily Trend		Short Term Peak

Technical Analysis-Weekly Chart

Resistance 2	1.740	50 Period MA	1.923	Bearish
Resistance 1	1.710	100 Period MA	2.004	Bearish
Closing Price	1.681	200 Period MA	1.818	Bearish
Support 1	1.581			
Support 2	1.490	Weekly Trend		Down

We view the Thursday rise as a relief rally and not quality buying.

- Although there is a likely test of the 1.6950 level, we think it holds.
- If we are mistaken it would be proven by a break of 1.70.
- With a 1-minute close above that level, a climb to 1.7150 to 1.7200 is anticipated.
- March's first pass brace is located at 1.6650 to 1.6600.
- Bearish relief comes with a break of 1.6550.
- In this situation a slide to 1.6425 to 1.6375 is anticipated.



Ultra Low Sulfur Diesel (USLD - HO)

Natural Gas Futures (NG)

Technical Analysis

Yesterday's Recap

High	1.869	Change	-0.013	-0.7%
Low	1.824	Range	0.045	2.5%
Close	1.831	@NG=100XN	2/13/2020	

Technical Analysis-Daily Chart

Resistance 2	1.905	50 Period MA	2.097	Bearish
Resistance 1	1.868	100 Period MA	2.283	Bearish
Closing Price	1.831	200 Period MA	2.331	Bearish
Support 1	1.790			
Support 2	1.726	Daily Trend		Short Term Low

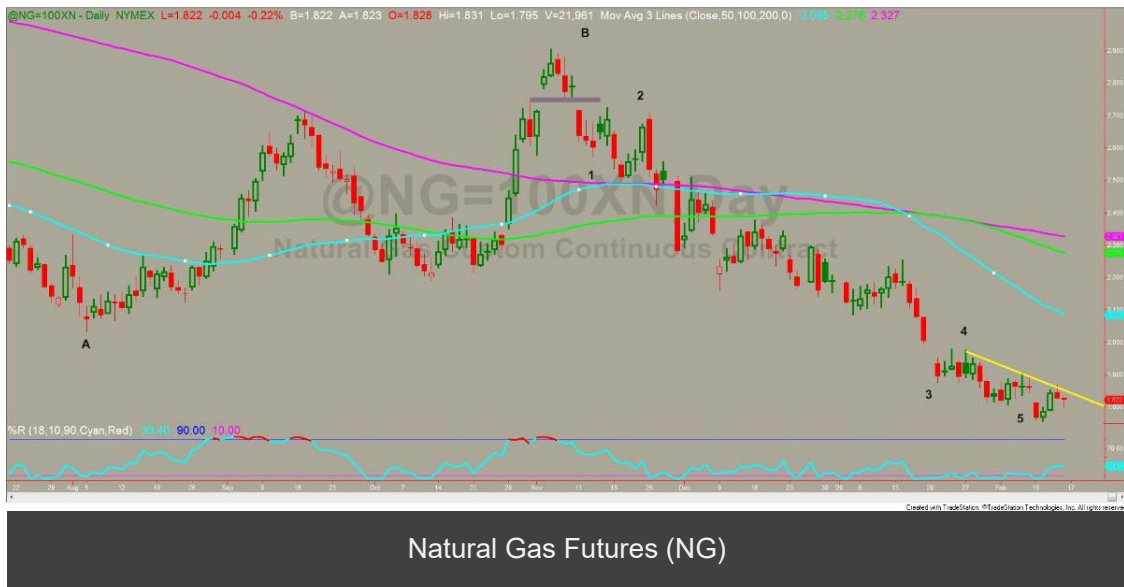
Technical Analysis-Weekly Chart

Resistance 2	2.204	50 Period MA	2.379	Bearish
Resistance 1	2.033	100 Period MA	2.733	Bearish
Closing Price	1.831	200 Period MA	2.829	Bearish
Support 1	1.690			
Support 2	1.583	Weekly Trend		Down

Relentless cold systems to hit in consistency in the North and Midwest while the south is unscathed.

- For the buy day we have support in the 1.790 to 1.775 area.
- A 5-minute settle beneath 1.752 will be difficult but result in a collapse towards 1.726 to 1.710.
- Once a buy day low is established, the resulting rebound has the capability of tagging 1.848 to 1.868 with 1.905 as the extension.
- We regard the March as seeking a short-term low.





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- (1) You may sustain a total loss of the funds that you deposit with your broker to establish or maintain a position in the commodity futures market, and you may incur losses beyond these amounts. If the market moves against your position, you may be called upon by your broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain your position. If you do not provide the required funds within the time required by your broker, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account.
- (2) The funds you deposit with a futures commission merchant for trading futures positions are not protected by insurance in the event of the bankruptcy or insolvency of the futures commission merchant, or in the event your funds are misappropriated.
- (3) The funds you deposit with a futures commission merchant for trading futures positions are not protected by the Securities Investor Protection Corporation even if the futures commission merchant is registered with the Securities and Exchange Commission as a broker or dealer.
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- (13) Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, customers who trade on foreign exchanges may not be afforded certain of the protections which apply to domestic transactions, including the right to use

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