

# Eagle News



EAGLE EQUITY HOLDINGS, LLC

Q2-2016

## Energy Fund II

### Looking Back

First, let's look back at what happened to the price of (WTI) crude oil over the past few months.

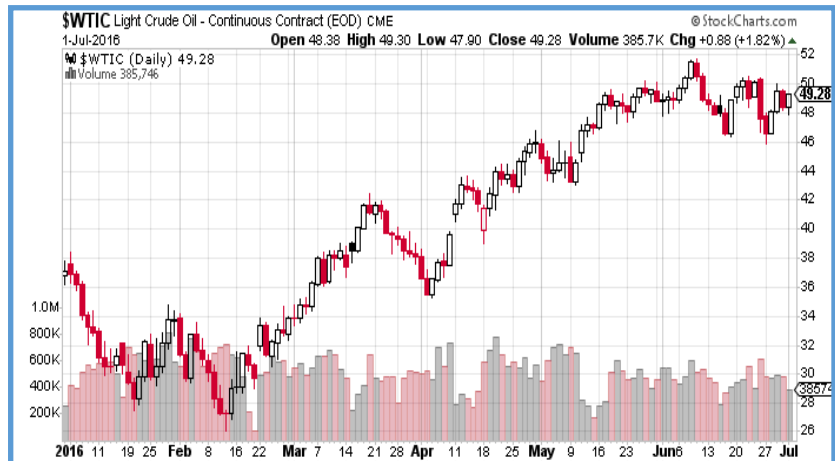
Oil bounced off a low of \$26 on Feb 10 and is now trading in the \$45 to \$55 range .

OPEC failed to reach an agreement on production output at their June meeting. It is now questionable if OPEC still maintain price control as swing producers.

Production disruptions from Nigeria, Canada and Venezuela have provided short term support to oil prices.

Political and currency instability caused by US Fed policy, the UK Brexit vote and the presidential election is also providing volatility in commodity prices.

U.S. natural gas prices have also risen sharply in the last month. Rig count reductions, warmer national weather patterns and increase demand have pushed the prices from \$1.65 to almost \$3.00 since March. However, storage levels are still near 5 year highs and we could see the injection season ending with storage levels nearing maximum capacity above 4 TCF.



## Eagle Focus

### Looking Back:

- WTI Crude Oil is in trading range of \$45 to \$55
- Natural Gas is showing signs of recovery

### Looking Forward:

- Production disruptions continue to provide support for oil prices
- Political fluctuations will result in short term volatility
- Rebalancing is happening in both oil and natural gas

### Investment Opportunities:

- Supply/demand rebalancing will provide support for commodity prices
- The forecasted hot summer and cold winter (due to La Nina) could setup a perfect storm for natural gas prices



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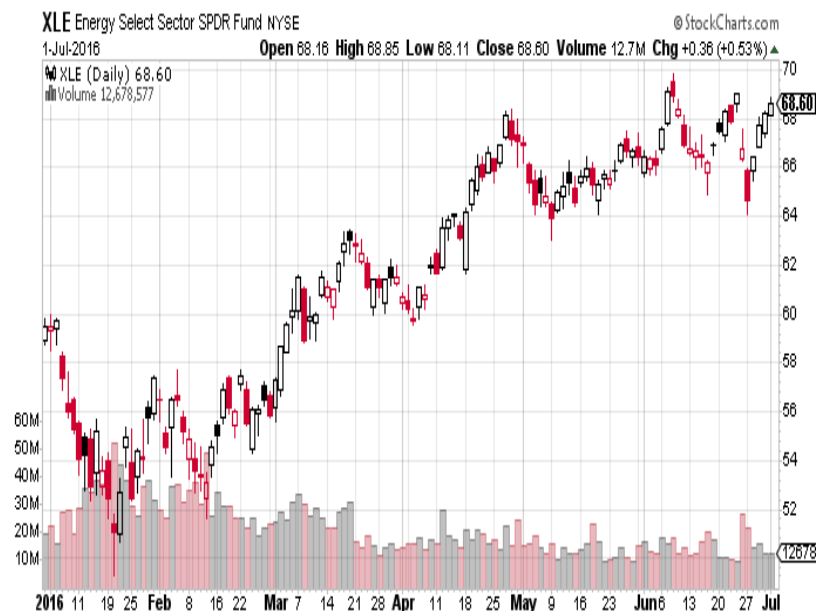
## Looking Forward

With the winding down of some of the recent disruptive forces, such as the Canadian wildfires and the Nigeria resurgence, the commodity is likely to be range bound until the next big marketing moving event. On a macro level, supply and demand have basically re-balanced and we could see a deficit condition in late 2016 or early 2017.

Although natural gas is likely to end the summer injection season near all time highs at over 4 TCF, cyclical demand increases, production stabilization and the potential effects of La Nina could cause extreme volatility and price fluctuation this winter season.

## Investment Opportunities

We continue to focus our investment strategy to profit from higher crude oil and natural gas prices and the related impacts to energy equities. We believe the supply & demand re-balancing will provide a catalyst for a long term bull market in energy and capital appreciation opportunities in various sub-sectors. We are also monitoring some unique natural gas investment opportunities that could surface later this year based on supply and demand increases coupled with limited storage capacity.



## Dear Eagle—Q&A

### What is the potential impact of La Nina to the US?

Weather events like La Nina play a big role in US energy production and consumption, especially natural gas. The National Oceanic and Atmospheric Administration (NOAA) has forecasted a 75% chance of colder than normal temperatures, more precipitation, and a more active Atlantic hurricane season this fall and winter. All of which could potentially impact both production and consumption at various times creating investment opportunity.