

Gateway FS, Inc.

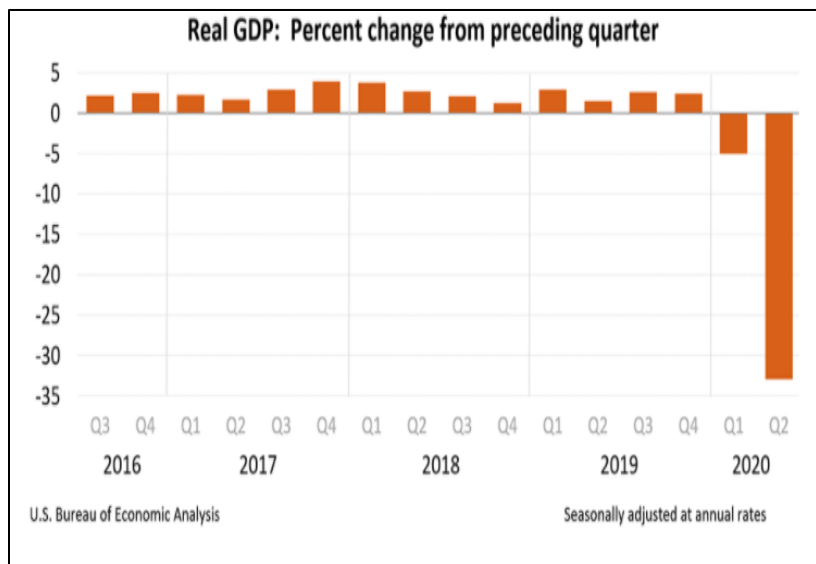
Energy Market Update September 30, 2020 NYMEX Prices

	Close	Wk. Change
November Crude Oil	40.22	+0.29
November Gasoline	1.1816	+0.0238
November Heating Oil	1.1522	+0.0344
November Natural Gas	2.527	-0.0267

Market Comments: Energy markets settled higher this afternoon.

Energy futures seemed to follow the stock market higher after overnight and early morning trading was in the red. The Dow Jones was up 573 points at its peak prior to cutting gains in half by early afternoon. The market was up big as investors digest the first presidential debate and continue to watch for any news of a second stimulus package. According to Yahoo! Finance, 20% of the equity market or \$4.3 trillion in cash is currently sitting on the sidelines. With so much economic uncertainty and bond and treasury yields at historic lows, holding cash is the only thing some investors are comfortable with. Corn and beans both had huge days as the Dept of Ag reported large declines in inventory levels. Dollar lower after spending most of the day positive.

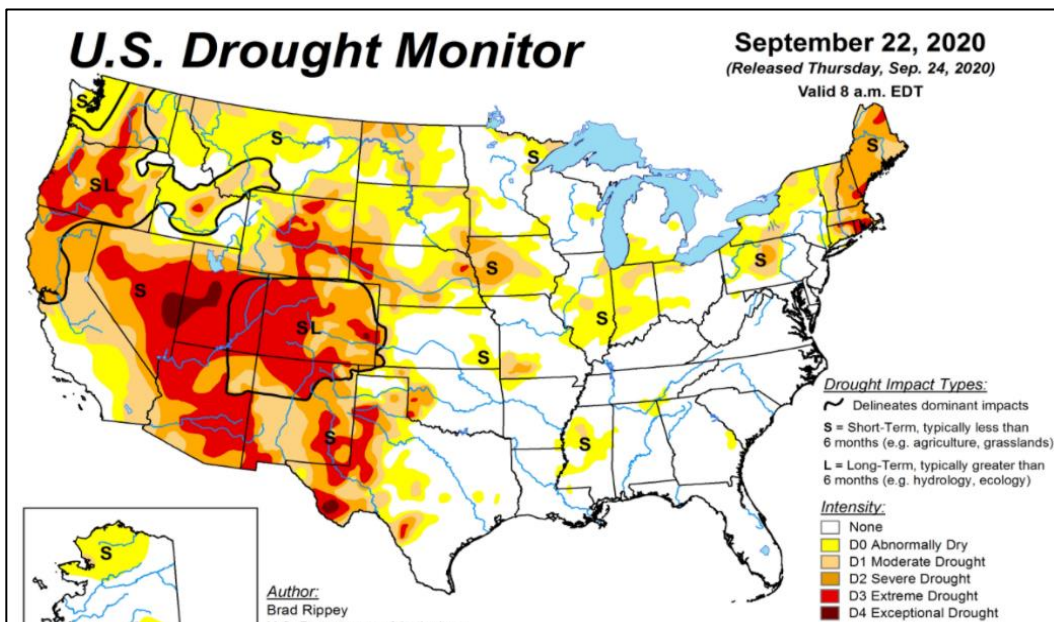
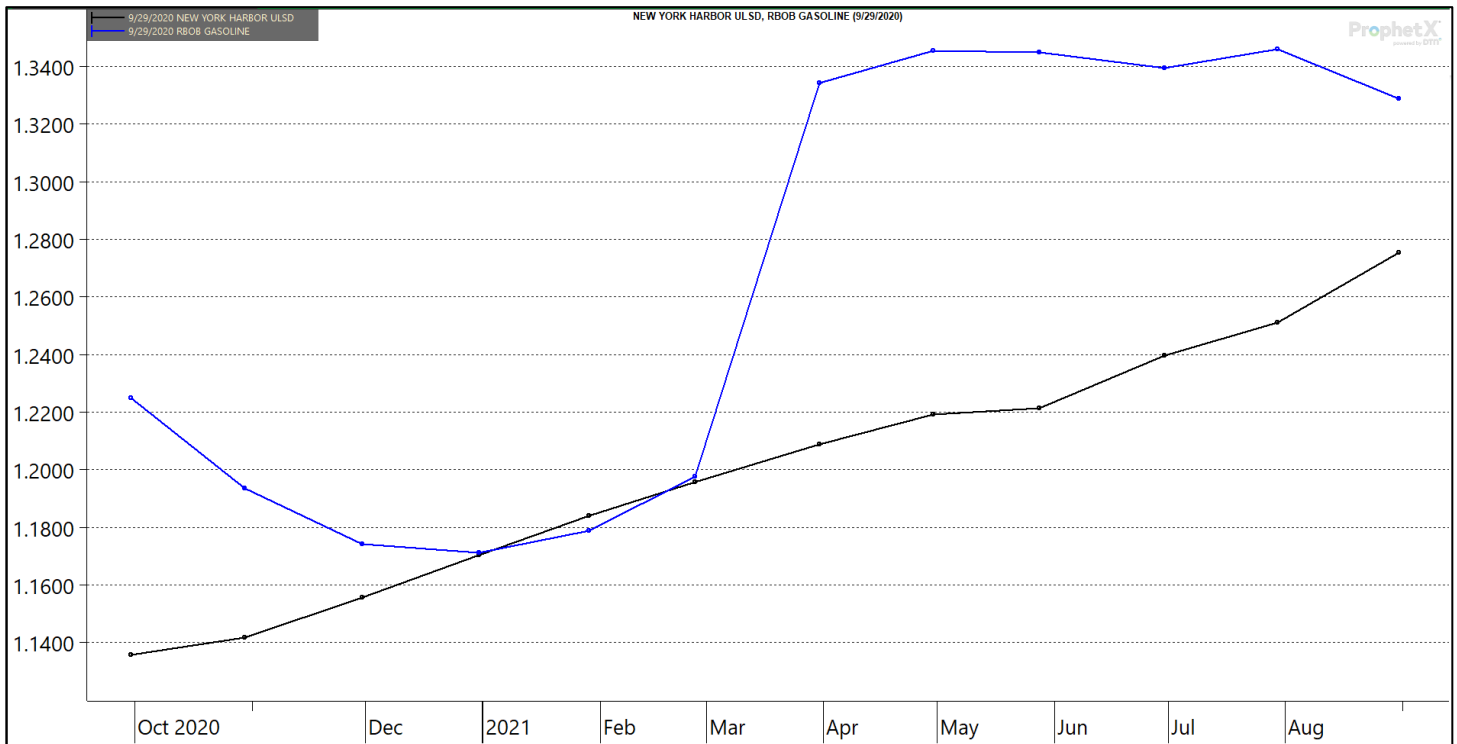
	Crude				Gasoline				Distillate Fuel			
	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.
DOE	-1.980	492.4	431	450	+0.683	228.2	228	227	-3.184	172.8	133	143
EST.	-0.934/+2.700				-4.877/+1.500				-4.085/+2.000			
Propane	Total 102.0 +4.1				Midwest 27.8 +0.4				Gulf 59.5 +3.6			
API's	Crude -0.831 Cushing +1.610				Gasoline +1.623				Distillates -3.424			



The U.S. government confirmed this morning that the economy suffered its sharpest contraction in 73 years in the second quarter as annualized GDP plunged 31.4%. With bearish news like this and the stock market still trading higher, it appears that the stimulus is the main component propping up the market this morning. If stimulus discussions don't end in a deal, I would expect the stock market to move lower in the coming days with the potential to take energy prices with it.

According to the USDA US corn harvest is 15% complete, in line with the 5-year average of 16%. US soybean harvest is 20% complete, 5% ahead of the 5-year average. In general, northern states are ahead of their 5-year average while southern states are behind their 5-year average for both corn and soybeans. Don't expect harvest to slow down in the next 6-10 days as the precipitation forecast is below average for most of the United States.

The forward curve for gasoline is backward into winter months as supplies tighten in the near term as the transition is made from low to high rvp gasoline. On the other hand, the ulsd forward curve shows carry for the next 12+ months as fundamentals remain weak.



The U.S. drought monitor is showing some dry areas creeping into portions of Illinois and Iowa, certainly this may have taken the tops off yield potential in some of these areas. However, the dry condition will assist with the dry down process and harvest progress if rains remain limited.