

Gateway FS, Inc.

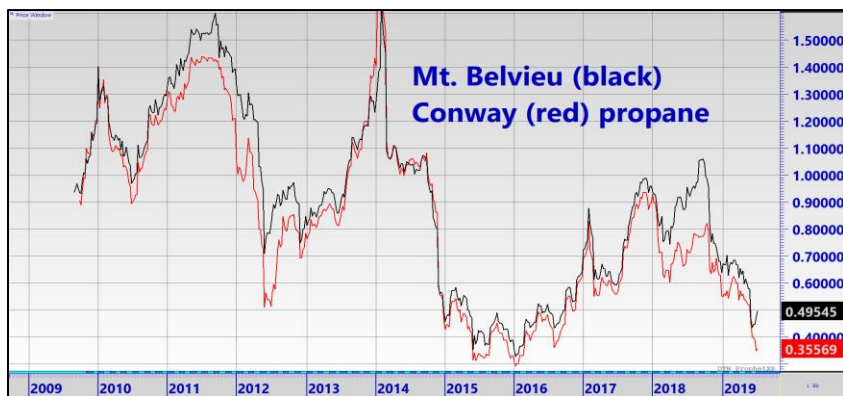
Energy Market Update July 17, 2019

NYMEX Prices

	Close	Wk. Change
August Crude Oil	\$56.78	-3.60
August Gasoline	\$1.8787	-0.1263
August Heating Oil	\$1.8926	-0.0983
August Natural Gas	\$2.304	-0.1360

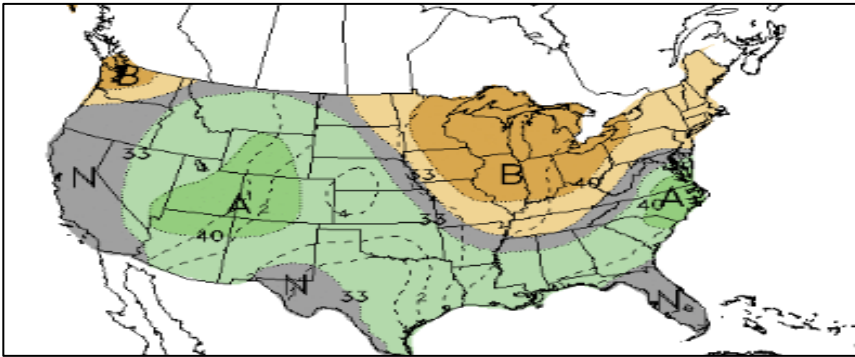
Market Comments: Oil prices finished lower today, extending a more than 3% drop in prices the previous session, after EIA data showed large builds in refined products. While data from the EIA showed a larger than expected drawdown in crude stockpiles last week, large builds in refined product inventories kept prices lower. Some of the EIA data was affected by Hurricane Barry, which became a Category 1 Hurricane when it hit the shores of Louisiana last Saturday.

	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	-3.1	455.9	475	452	+3.6	232.8	236	228	+5.7	136.2	142	138
EST.	-2.000/-7.638				-1.000/-4.211				+2.500/-3.000			
Propane	Total 77.5 +0.6				Midwest 22.6 +1.1				Gulf 46.7 -1.2			
API's	Crude -1.401 Cushing -1.115				Gasoline -0.476				Distillates +6.220			



Belvieu spot propane continues to maintain a premium versus the Conway spot propane- currently close to 14 cents. In 2018 the propane market retained a wide spread between the two hubs, but 2019 has been less volatile overall. A typical range is between 5 and 8 cents most years. The spread has pushed

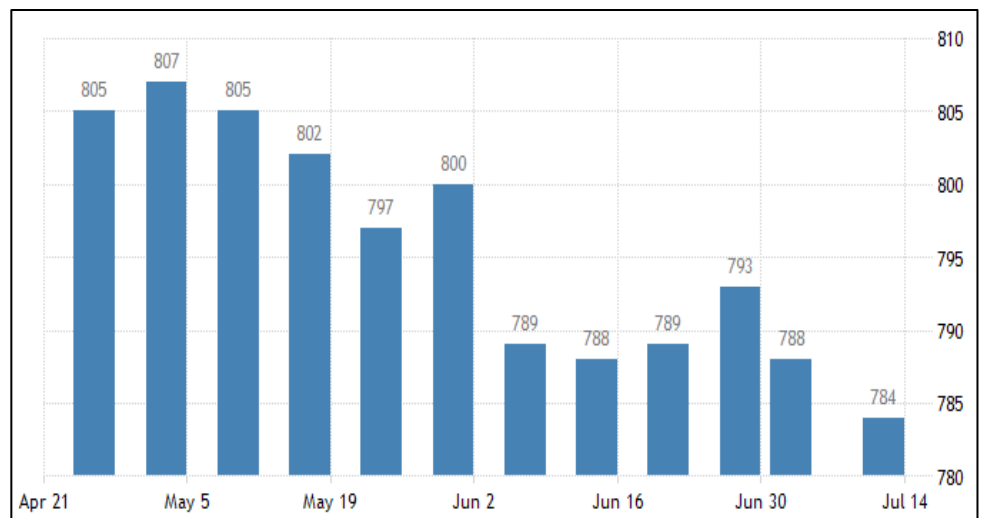
through 30 cents a few years and was inverted briefly in a bitterly cold and icy January 2014 all the way down to \$1.05. Conway got way out of whack and shot sharply higher compared to Belvieu. The bulk of the inventory tends to remain on the Gulf Coast where it is needed for export and petrochemical demand. Enterprise will be completing a 175,000 barrel/day expansion in the Gulf by the end of this quarter that will export both propane and butane. Enterprise will begin work on additional export capacity along the Houston Ship Channel, slated to finish in 3rd quarter of 2020. Conway tends to remain cheaper with much more production than regional demand in the Midwest.



The 8 to 14-day weather forecast, which is valid through July 29th is calling for below average precipitation throughout most of the Midwest. In addition, temperatures east of the Mississippi River are expected to be below normal during this time frame.

On January 1, 2020 the International Maritime Organization (IMO) will enforce new emissions standards, which are designed to cut back on pollution produced by the world's ships. The IMO is set to ban shipping vessels using fuel with a sulfur content higher than 0.5%, compared to levels of 3.5% that ships are using today.

U.S. energy companies last week reduced the number of oil rigs operating for a second week in a row. Drillers cut four oil rigs in the week to July 12, bringing the total count to 784, the lowest since February 2018. More than half the total U.S. oil rigs are in the Permian basin in West Texas and Eastern New Mexico, where



active rigs dropped by six last week to 437, the lowest since March of 2018. The rig count, an early indicator of future output, has declined over the past seven months as independent exploration and production companies cut spending on new drilling to focus more on earnings growth instead of increased output.

On Monday the national gas price average was \$2.7900, which is an 8-cent increase since the beginning of July. Gas prices have increased due to more expensive crude oil prices, increased demand, and decreasing gasoline stocks. Since last Monday, 18 states have seen their gas price averages increase by at least 5 cents. Hurricane Barry, which made landfall in Louisiana last weekend, appears to have had little impact on the national average.

