

# Gateway FS, Inc.

## Energy Market Update January 15, 2020

### NYMEX Prices

	Close	Wk. Change
<b>February Crude Oil</b>	<b>57.81</b>	<b>-1.80</b>
<b>February Gasoline</b>	<b>1.6368</b>	<b>-0.0120</b>
<b>February Heating Oil</b>	<b>1.8779</b>	<b>-0.0803</b>
<b>February Natural Gas</b>	<b>2.127</b>	<b>-0.014</b>

### Market Comments: Energy markets closed lower on Wednesday.

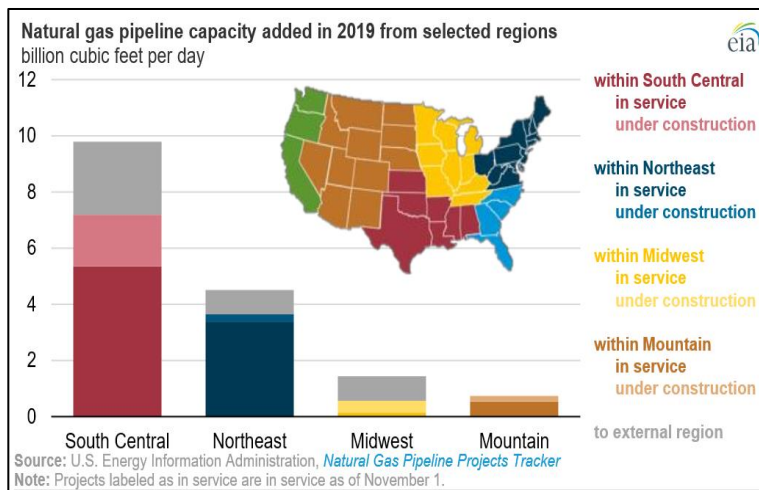
The phase 1 trade deal between the U.S. and China was signed with much ceremony this morning. It seems that commodities are taking a wait and see attitude on grain and energy purchases before celebrating. Oil had a bearish inventory report today with large builds on both gasoline and distillates. The text of the 86- page agreement has not been released, but it leaves in place tariffs on \$360 billion in Chinese imports. China is to buy \$40 billion in U.S. farm exports this year; they have never bought more than \$26 billion in U.S. ag products in one year, so an ambitious goal.

	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	-2.5	431.1	445	441	+6.7	258.3	248	245	+8.2	147.2	150	151
EST.	+2.000/-3.500				+4.500/+3.000				+4.000/+0.500			
Propane	Total 87.9 -1.0				Midwest 19.3 -0.2				Gulf 59.0 -0.4			
API's	Crude +1.100 Cushing -0.069				Gasoline +3.200				Distillates +6.800			

President Donald Trump and Chinese Vice Premier Liu He signed the Phase 1 trade agreement today. The agreement is expected to include provisions for China to buy up to \$50 billion more in U.S. energy supplies.

10 LARGEST WEEKLY CHANGES IN GAS PRICES					01/13/20
1. Michigan	2. Delaware	3. Minnesota	4. Ohio	5. Florida	
▲ 0.07	▼ 0.05	▲ 0.04	▲ 0.04	▼ 0.04	
PRICE: \$2.58	PRICE: \$2.38	PRICE: \$2.45	PRICE: \$2.55	PRICE: \$2.48	
6. Utah	7. Alaska	8. Indiana	9. Idaho	10. Tennessee	
▼ 0.04	▲ 0.03	▲ 0.03	▼ 0.03	▼ 0.03	
PRICE: \$2.65	PRICE: \$2.99	PRICE: \$2.49	PRICE: \$2.62	PRICE: \$2.36	

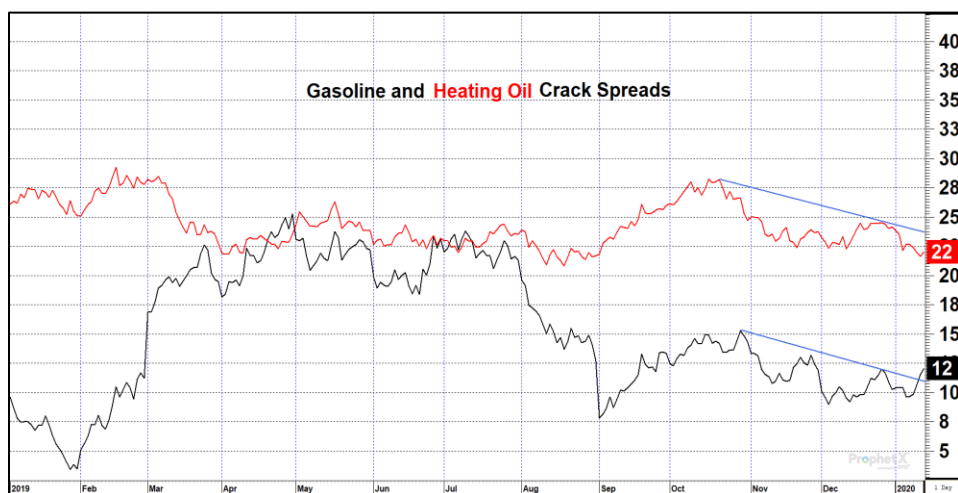
The Great Lakes and Central States are seeing typical regional gas price volatility. Michigan, Minnesota, Ohio, and Indiana all landed on the top 10 list for largest weekly changes, all with price jumps. Motorists in the region are paying anywhere from 31 to 55 cents more to fill-up compared to this time last year. Illinois (+56 cents) and Ohio (+55 cents) carry the highest largest year-over-year difference in the country.



The EIA is tracking 134 active natural gas pipeline projects of which 46 entered service in 2019. These new pipelines increased deliveries to Canada, Mexico and LNG export facilities in the Gulf Coast region. About 40% of the new capacity is providing takeaway capacity out of the Permian basin. The new Sur de Texas-Tuspan pipeline was a 487 underwater pipeline that transports U.S. natural gas to the southern Mexican state of Veracruz.

Most LNG pipeline projects completed in 2019 improved either service or takeaway capacity in the Northeast and South.

Although gasoline crack spreads are more sensitive to seasonality than heating oil crack spreads, the weakening spreads from both products helps confirm a general weakening in oil products demand. This matches the recent DOE inventory trends we have seen the last few weeks, that included large draws in crude oil inventories, and large builds in both gasoline and heating oil inventories.



U.S. consumer prices rose slightly in December and monthly underlying inflation pressures retreated, which could allow the Federal Reserve to keep interest rates unchanged at least through this year. The CPI increased 0.2% last month after climbing 0.3% in November. In the 12 months through December, the CPI rose 2.3% after gaining 2.1% in the 12 months through November. The

cost of gas at the pump declined in December, but not as much as it usually does. As a result, the government's CPI measure showed a 2.8% increase in gas prices.