

Gateway FS, Inc.

Energy Market Update October 14, 2020

NYMEX Prices

	Close	Wk. Change
November Crude Oil	41.02	+1.07
November Gasoline	1.1978	-0.0031
November Heating Oil	1.1920	+0.031
November Natural Gas	2.616	+0.096

Market Comments: The energy markets wrapped up higher on Wednesday afternoon. Crude oil remained rangebound right around the \$40 a barrel mark, a level the market hasn't strayed far from for the past four months. In other news, the U.S. energy industry is recovering more quickly than previously expected from the fall in production from the COVID pandemic.

Over 115,000 homes and businesses are still without power in Louisiana, Texas and Mississippi after Hurricane Delta slammed into the Gulf Coast late on Friday. That is down from a total of more than 905,000 customers affected by the storm at its peak, according to federal energy data.

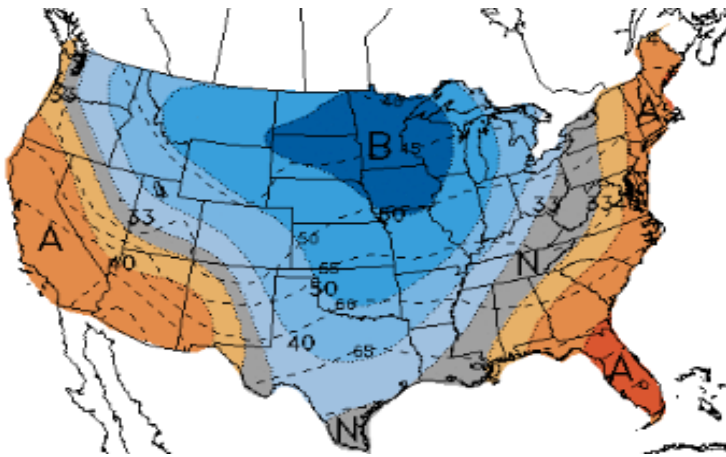
China, the world's top crude oil importer, took in 11.8 million bpd of oil in September, up 5.5% from August and up 17.5% from a year earlier, custom data showed.

G20 finance ministers and central bank governors will hold a virtual meeting on Wednesday to discuss how to support rapid sustainable global economic recovery. They will also discuss updates to the G20 action plan for supporting the global economy during the pandemic.

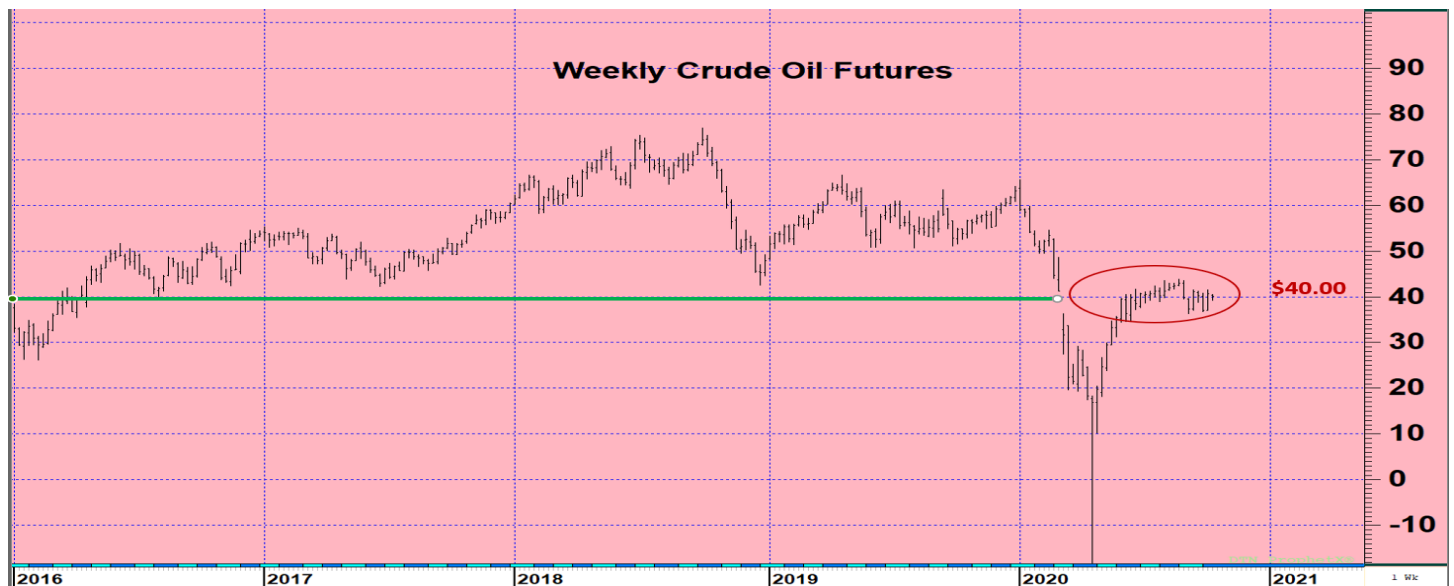
Cash market distillate prices are well below what we have seen in prior years in both the Chicago and Group markets. If we see the traditional seasonal dip that occurs in the winter, the opportunity is there to have the best buying season we have seen in some time. However,



some end users may be satisfied enough with current prices to lock in some gallons for use next year. Keep the opportunity to back-to-back gallons at the back of your mind as prices remain low.



The 8 to 14-day weather forecast as dramatically changed from previous maps. The forecast which is valid through October 26 is calling for well below average temperatures throughout the majority of the U.S. Looks like it's time to fire up the furnace. As for precipitation, it appears as if out west will experience below average rainfall, but a portion of the east might see above average rainfall amounts.



Activity in the crude oil market since early June as been fairly lackluster, as prices have been trading in a sideways trend. At times prices have penetrated the \$40 resistance, but they haven't been able to stay above this level for long. For prices to signal any significant upside movement they will need to close over \$40 and maintain it for several sessions. However, in the current environment it will likely be difficult, as the demand picture is very fluid in today's environment of COVID.

In international talk, OPEC members and others including Russia plan to boost supply by 2 million bpd from January.

According to the weekly crop progress report, U.S. corn harvest stands at 41 percent complete vs. the five-year average of 32 percent. As for soybean harvest it stands at 61 percent complete vs. the five-year average of 42 percent complete.