

## Gateway FS, Inc.

## Energy Market Update June 3, 2020 NYMEX Prices

	Close	Wk. Change
June Crude Oil	37.48	+4.65
June Gasoline	1.1242	+0.1314
June Heating	1.0688	+0.0967
June Natural	1.816	+0.095

Market Comments: Out of the gate the energy markets took on a weaker tone but going into the close they turned mixed with gasoline and crude oil firmer and heating oil lower. Market news was thin as the trade focused on the release of the DOE numbers. The numbers had a little bit of a surprise, as a draw was reported in crude oil. In addition, it was encouraging to see another build in propane stocks.

Chatter continues to circulate that it appears as If OPEC and Russia are willing to extend production cuts, may extend cuts by at least one month until the end of July. OPEC Plus will meet early in June 5<sup>th</sup> to get the details.

The Trump administration Tuesday tightened its web of sanctions around the Maduro regime in Venezuela, blacklisting four companies allegedly involved in the country's oil sector.

Americans are starting to capitalize on low prices at the gas pump as states loosen travel restriction, a boom for the battered energy industry and hopeful signal for the U.S. economic recovery.

<u>Crude</u>			<u>Gasoline</u>				<u>Distillate Fuel</u>				
Ch an ge	To tal	3 Y r A V g.	5 Yr A V g.	Ch an ge	To tal	3 <u>Y</u> <u>r</u> <u>Av</u> g.	<u>5</u> <u>Yr</u> <u>A</u> ⊻ g.	<u>Ch</u> an ge	To tal	371473	<u>5</u> Yr. Av g.

DO E	- 2.0 77	53 2. 3	4 7 8	4 8 9	+2 .79 5	25 7. 8	23 8	2 3 4	+9 .93 4	1 7 4. 3	1 3 2	13 6
EST	+1.300/+5.247				-1.0	000/+	37	+1.000/+6.427				
Pro pan e	Total 67.3 +3.1			Mic	lwes +0.	.6	Gulf 43.1 +1.9					
API' s	Crude -0.483 Cushing -2.200			Gasoline +1.706				Distillates +5.917				

A Tropical Storm Warning was issued by the government of Mexico earlier in the week. Tropical Depression Three is forecast to become a tropical storm early Wednesday. Once the system gets upgraded to a tropical storm, meaning winds of 39 mph or greater, it will be named Tropical Storm Cristobal. According Meteorologist Brand Miller, "If



this occurs before Friday, it will be the earliest in the year for a third named storm on record for the Atlantic basin." Nearly all-weather entitiesgovernment agencies, institutions, and private

companies are forecasting for an above average hurricane season for 2020.



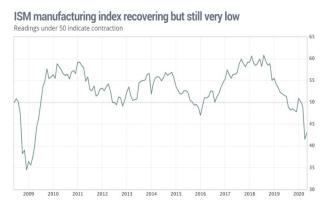
Investors expect the oversupply in crude to disappear first due to cuts from OPEC and the U.S. shale producing sites. Funds hold more than 6

bullish long positions for every short position in ICE Brent, ICE WTI and NYMEX WTI crude. Fund managers do not show as much enthusiasm for refined fuels with long to short positions of just 3:1 for gasoline and 1:1 in distillates such as heating oil and gasoil.

On Monday the national average for gasoline came in at \$1.97 per gallons, just about a penny more expensive than last week. Part of the incremental jump is due to the increase in gasoline demand, which saw a 7%



week-over-week increase. However, demand is still down nearly 25% compared to last year, according to the EIA's latest report. Yesterday's national average was 20 cents more than a month ago, but 85 cents less than last year at this time.



U.S. manufacturing activity eased off an 11-year low in May, the strongest sign yet that the worst of the economic downturn could be behind us as business continue to

reopen. However, the recovery from the Covid-19 crisis could take years because of high unemployment. The ISM said its index of national factory activity rose to a reading of 43.1 last month from 41.5 in April, which was the lowest level since April 2009. A reading below 50 indicates contraction in manufacturing, which accounts for 11% of the U.S. economy. There was also a slight improvement in the ISM's measure of factory employment, which

advanced to a reading of 32.1 in May after plunging to 27.5 in the prior month.