

# Gateway FS, Inc.

## Energy Market Update June 12, 2019

### NYMEX Prices

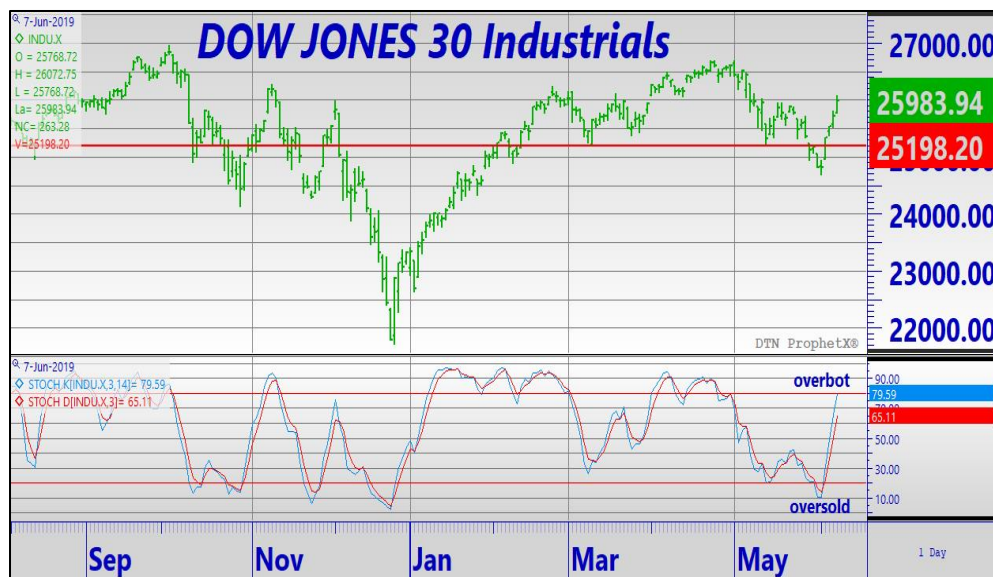
	Close	Wk. Change
<b>July Crude Oil</b>	<b>\$51.14</b>	<b>-0.54</b>
<b>June Gasoline</b>	<b>\$1.6861</b>	<b>-0.0067</b>
<b>June Heating Oil</b>	<b>\$1.7799</b>	<b>-0.0001</b>
<b>June Natural Gas</b>	<b>\$2.386</b>	<b>+0.008</b>

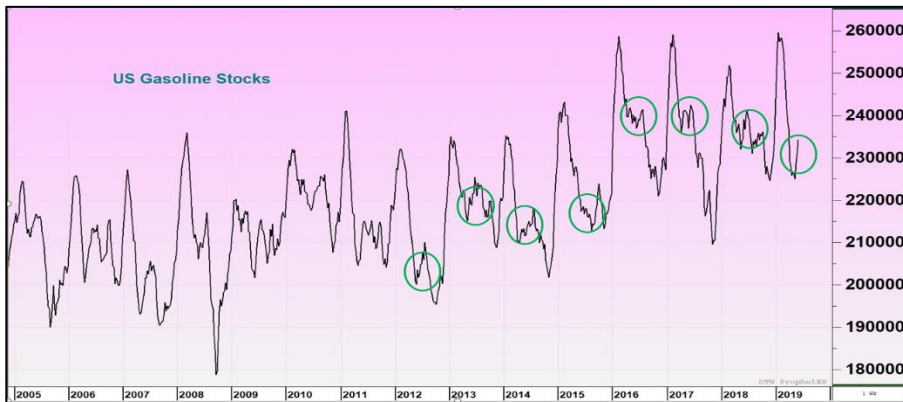
**Market Comments:** Oil prices dropped 4% today as U.S. crude stockpiles climbed for a second week in row and concerns about energy demand continue to grow. U.S. crude inventories unexpectedly rose by 2.2 million barrels last week, despite the highest refining rates in six months and lower imports. Trade tensions between the United States and China, the world's two biggest oil consumers, continue to weigh on prices. President Donald Trump on Wednesday said he had a feeling that an agreement could be reached but said tariffs could be increased if they do not make a deal.

	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	<b>+2.2</b>	<b>485.5</b>	492	467	<b>+0.8</b>	<b>234.9</b>	240	230	<b>-1.0</b>	<b>128.4</b>	139	134
EST.	+3.000/-3.700				+2.245/-3.000				+3.962/-3.000			
Propane	<b>Total 71.1 +2.8</b>				<b>Midwest 18.0 +3.1</b>				<b>Gulf 47.7 -0.7</b>			
API's	Crude +4.900 Cushing +2.365				Gasoline +0.829				Distillates -3.500			

Around 25200 has acted as a springboard for the DOW JONES this year. Last week was nearly straight up despite a May employment report that added fewer jobs than expected. The reason: the market is now expecting that the Feds will cut interest rates with the economy softening, not just in the

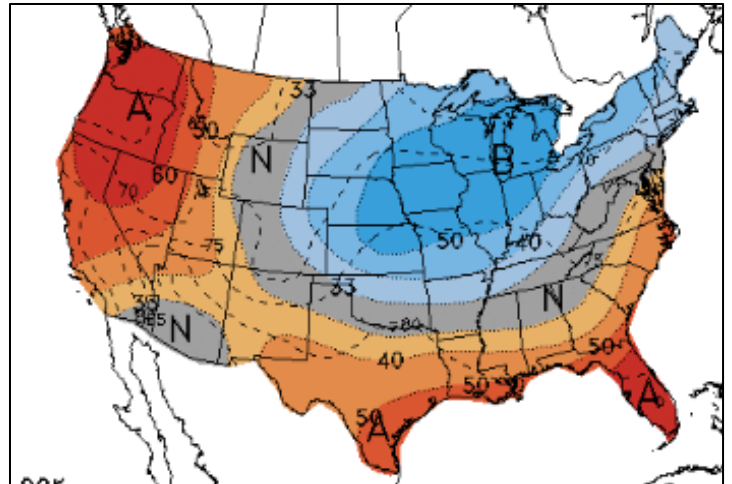
U.S. but the global economy. The hiring slowdown in the U.S. is happening across in the board in sectors like manufacturing, service, construction, warehousing, and transportation. The U.S. stock market opened higher today with relief that the U.S. and Mexico were able to avert tariffs. The Mexico peso also took a jump.





Looking at historical supplies of U.S. gasoline, current levels are running at the top end. Gasoline stocks stand at 234 million barrels vs. 239 million last year. Certainly, stocks are more than adequate to meet demand and supply should not be an issue, at least in the near-term.

The weather conditions this planting season have been difficult, to say the very least. The current 8 to 14-day weather forecast, which is valid through June 23 is calling for cooler temperatures to settle over most of the Midwest. In addition, precipitation through the region is expected to be above average. The latest USDA crop planting report came out late Monday and it indicated 83 percent of the U.S. corn crop has been planted vs. 67 percent last week. Illinois made some significant progress as it was 45 percent planted and jumped to 73 percent this past week. As for soybeans 60 percent of the U.S. crop has been planted vs. 39 percent last week.



U.S. producer prices increased for a second straight month in May, boosted by an increase in the cost of hotel accommodations and gains in a range of other services. Prices excluding food, energy, and trade services rose 0.4% last month, matching April's gain, according to the Labor Department. Weaker food and energy prices, however, partially offset the gain in services last month. That led the producer price index for final demand to move up 0.1% in May after gaining 0.2% in April.

World oil markets have switched from supply-side risks like OPEC's productions cuts or U.S. sanctions against Iran and Venezuela to concerns of slowing consumption amid fears of a global recession. As a result, the 45% rally that crude oil prices saw in the first four months of the year has turned into a slump of more than 15% since late April. On Wednesday Goldman Sachs said that weakening economic growth and lower oil demand expectations were the major factors that pushed prices lower over the past month.