

# Gateway FS, Inc.

## Energy Market Update December 4, 2019

### NYMEX Prices

	Close	Wk. Change
January Crude Oil	<b>58.43</b>	<b>+1.42</b>
January Gasoline	<b>1.6042</b>	<b>-0.0464</b>
January Heating Oil	<b>1.9229</b>	<b>+0.0325</b>
January Natural Gas	<b>2.399</b>	<b>-0.212</b>

### **Market Comments:** Energy markets settled higher today.

Oil prices surged 4% this afternoon, while heating oil and gasoline both settled 2.5% higher. The current sentiment in the market is that OPEC will extend the existing supply pact, while several analysts are projecting deeper cuts when they meet. U.S. crude stockpiles fell by 4.9 million barrels as refineries hiked output. This was much deeper than projected and was the first draw to oil inventories in six weeks. Stock indexes rose for the first time in four sessions, following a report that the U.S. and China were closer to signing a phase-one trade deal. This comes just one day after the U.S. said a trade deal prior to the elections may not occur.

	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>-4.856</b>	<b>447.1</b>	456	447	<b>+3.385</b>	<b>229.4</b>	224	219	<b>+3.063</b>	<b>119.5</b>	136	134
EST.	+2.000/-3.000				+3.000/-2.000				+2.700/-2.000			
Propane	<b>Total -1.7 91.8</b>				<b>Midwest -0.8 22.1</b>				<b>Gulf -0.5 58.1</b>			
API's	Crude -3.720 Cushing -0.300				Gasoline +2.900				Distillates +0.800			

OPEC and its allies will meet tomorrow and Friday in Vienna to determine how they will handle production in the coming months. At a minimum, OPEC is expected to extend current production cuts of 1.2 million bpd until the end of 2020. Although, several key members of the group support deepening cuts by an additional 400,000 bpd. Saudi Arabia needs higher oil prices to support its budget revenue and the pending share sale of state-owned oil giant Saudi Aramco with pricing of its IPO expected on Thursday.

However, not everyone is on board. Some countries are concerned that additional cuts would boost prices and help spur a new phase of U.S. oil output growth. Russia has yet to agree to extend or deepen cuts from its current pledge as they will find it tough to reduce output during winter months and low temperatures.

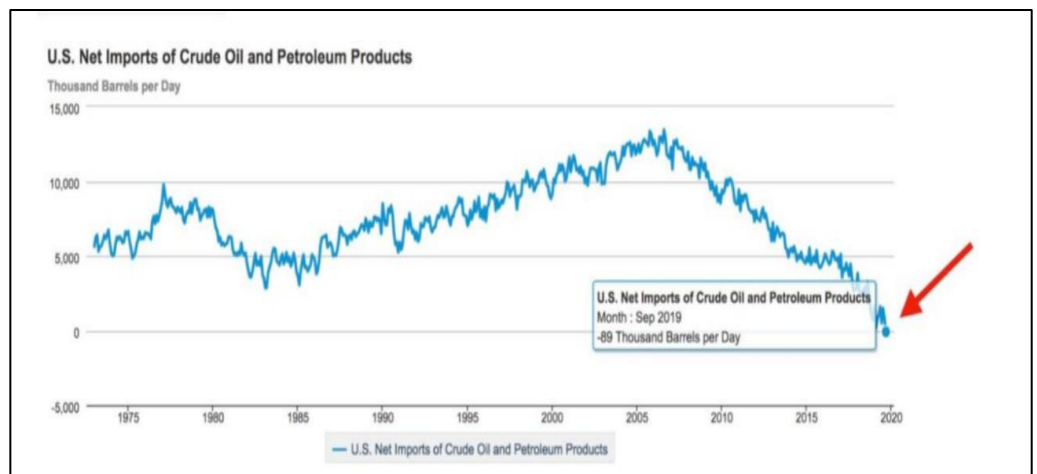
While OPEC contemplates their production levels over the next year, global output from non-OPEC nations is expected to grow by record levels in 2020. The world is expected to add about 2.25 million bpd outside of OPEC, which is double the anticipated demand growth projected for 2020. The U.S. shale market, Norway, Brazil, Canada and Guyana are all going to add significant volumes of crude in 2020.

The United States will add another 1 million bpd led by onshore shale growth, while Norway and Brazil will each add 500,000 bpd from offshore fields. Canadian shale and oil sands will add 250,000 bpd, while Guyana will add 100,000 bpd. Even if projections for the U.S. falls short and U.S. shale growth slows, other countries should be able to pick up the slack.

## U.S. Net Imports of Crude Oil and Petroleum Products

Show Data By:		Graph	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
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Total Crude Oil and Products			1,017	1,583	506	1,466	849	-89

The U.S. has hit another milestone in its quest for energy independence, becoming a net exporter of crude and petroleum products for a full month for the first time in 70 years. U.S. monthly oil exports rose 18 percent year-over-year in September to about 8.76 million bpd, while imports over the same period fell 12 percent to 8.67 million bpd. In total, exports surpassed imports by 89,000 bpd in September. U.S. net imports of crude and petroleum products maxed out at 13.4 million bpd in October 2005.



## NATIONAL GAS PRICE COMPARISON | 2016-2019

12/02/19



Gas prices across the country saw minimal price fluctuations after the holiday weekend, with most states seeing decreases on the week. Yesterday's national average was a penny cheaper than last Monday at \$2.58, which is about 3 cents cheaper than last month. On the week, the Great Lakes and Central region saw minimal volatility at the pumps. Only Ohio and Wisconsin saw gas prices increase, while all other state averages were cheaper or the same as they were last Monday. Gas prices in the Great Lakes and Central region saw low volatility due to an increase in refinery rates and a build in gasoline stocks, according to the EIA.