

# Gateway FS, Inc.

## Energy Market Update October 16, 2019

### NYMEX Prices

	Close	Wk. Change
<b>November Crude Oil</b>	<b>53.36</b>	<b>+0.72</b>
<b>November Gasoline</b>	<b>1.6248</b>	<b>+0.0793</b>
<b>November Heating Oil</b>	<b>1.9426</b>	<b>+0.0696</b>
<b>November Natural</b>	<b>2.294</b>	<b>-0.207</b>

**Market Comments:** General Motors and the United Auto Workers have reached a tentative contract deal. The picket line will stay in place until the two union committees vote and then the members will have to approve. Turkey's President Erdogan has rejected the U.S. demand for a ceasefire in Syria and does not care about the threatened U.S. sanctions. The Federal Reserve released their October notes saying that "persistent trade tensions and slower global growth weighed on [manufacturing] activity." They also cited deteriorating agricultural conditions and the struggle for employers to find workers.

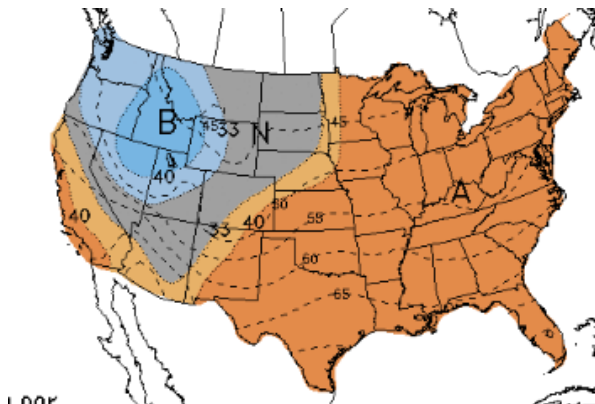
<u>Corn harvested</u>	<u>Oct. 13, 2019 %</u>	<u>5-Yr Avg</u>	<u>Soybeans harvested</u>	<u>Oct. 13, 2019 %</u>	<u>5-Yr Avg</u>
	7	20	IA	17	43
IL	23	59	IL	27	55
NE	29	24	MN	26	49
MN	5	19	NE	28	47
IN	24	41	IN	30	47
SD	5	19	OH	36	48
KS	48	64	ND	16	67
OH	16	27	SD	13	57
WI	3	14	MO	15	27
MO	46	69	AR	51	60
<b>18 states</b>	<b>22%</b>	<b>36%</b>	<b>18 states</b>	<b>26%</b>	<b>49%</b>
<u>Corn mature 18 states</u>	<b>73%</b>	<b>92%</b>	<u>Soybeans dropping leaves 18 states</u>	<b>85%</b>	<b>93%</b>

Harvest continues slowly with Michigan, North and South Dakota, and Wisconsin the furthest behind on corn maturity.

Missouri, Ohio and Wisconsin are the furthest behind on soybeans leaves dropping compared to their five-year averages.

Too much rainfall continues to plague several areas and widespread rain is expected next

week across the plains.



We are certainly in the time window when weather is at the forefront of everyone's minds as producers are trying to get the crops out and the propane industry is interested in potential demand. The current 8 to 14-day weather forecast, which is valid until October 24<sup>th</sup> is calling for above normal temperatures throughout much of the U.S. However, precipitation across the Midwest looks above average. The warmer

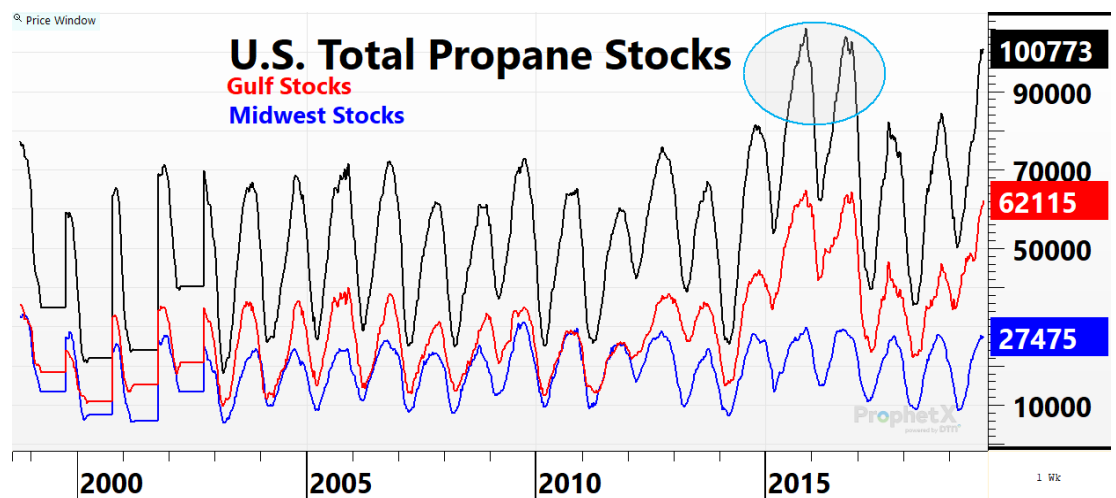
temperatures will be welcomed from producers, as the crops are behind in maturity and producers are still trying to get them safely harvested.

	2018	2019 forecast	2020 forecast
World output	3.6	3	3.4
United States	2.9	2.4	2.1
China	6.6	6.1	5.8
Germany	1.5	0.5	1.2
Japan	0.8	0.9	0.5
United Kingdom	1.4	1.2	1.4
Canada	1.9	1.5	1.8
Mexico	2	0.4	1.3
India	6.8	6.1	5.8
Brazil	1.1	0.9	2
France	1.7	1.2	1.3
Spain	2.6	2.2	1.8
Italy	0.9	0	0.5
Russia	2.3	1.1	1.9

The International Monetary Fund's latest World Economic Outlook projects global growth will fall to 3% for the remainder of 2019, the slowest pace since the 2008 financial crisis. According to the IMF, higher import tariffs are strangling manufacturing activity and international trade. However, monetary policy easing by the Federal Reserve and other central banks has helped support growth and downside risks. Without this monetary stimulus, global growth would be 0.5% lower for 2019 and 2020.

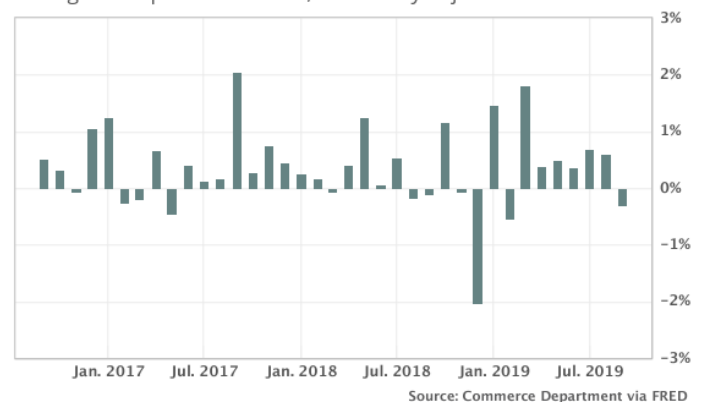
Global growth is expected to modestly improve to 3.4% in 2020. The upturn is based on projected improvement in a number of emerging markets including the Middle East. Slowed global growth could continue to impact the energy markets and keep prices capped for the next year.

Fundamentals are still weak for propane with higher than normal stocks, high production, and uninspiring exports. Stocks were also high in 2015 & 2016. It was the last quarter of 2016 when the U.S. began to export propane in earnest. The Midwest stocks are running at their normal number as the market continues to favor the export hubs.



### Retail sales

Change from previous month, seasonally adjusted



Retail sales fell in September after 6 months of higher results. Sales at home center, department stores and internet retailers were all down. The GM/UAW strike could have contributed to less consumer spending.