

Gateway FS, Inc.

Energy Market Update September 23, 2020 NYMEX Prices

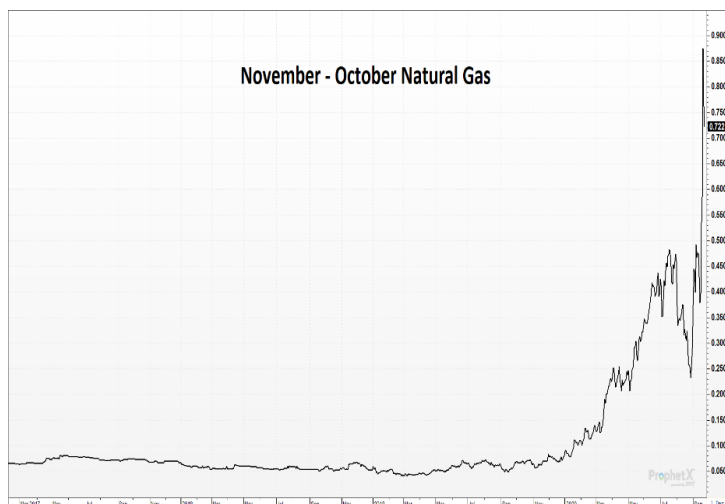
	Close	Wk. Change
November Crude Oil	39.93	-0.48
October Gasoline	1.1813	-0.0096
October Heating Oil	1.1075	-0.0089
October Natural Gas	2.125	-0.135

Market Comments: Energy markets settled higher this afternoon.

The energy complex settled slightly higher this afternoon in an uneventful trading day as the market is still looking for direction. Even with the up day there is still an abundance of bearish sentiment in the energy markets. California will ban the sale of new gasoline powered vehicles starting in 2035 in a move to shift to electric vehicles. Over 280 Norwegian offshore oil workers plan to go on strike on September 30 if annual pay negotiations fail which could slow production. The stock market is having another selloff as all three major indices are down at least 1.75%. Technology stocks are leading the way lower as the Nasdaq is currently down 2.8%.

	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	-1.639	494.4	429	449	-4.025	227.5	228	225	-3.364	175.9	136	145
EST.	-4.000/+3.000				-2.000/+2.000				-2.200/+2.611			
Propane	Total 97.9 +1.8				Midwest 27.4 +0.1				Gulf 55.9 +1.0			
API's	Crude +0.691 Cushing +0.298				Gasoline -7.735				Distillates -2.104			

Continuous crude futures broke through \$40 to the upside today but volatility remains in the energy markets. The 20-, 50- and 200-day moving averages continue to resist crude moving higher, and a reported API build and small DOE draw did not give it much momentum. Gas and distillate futures are both up due to large draws reported by the API and DOE.



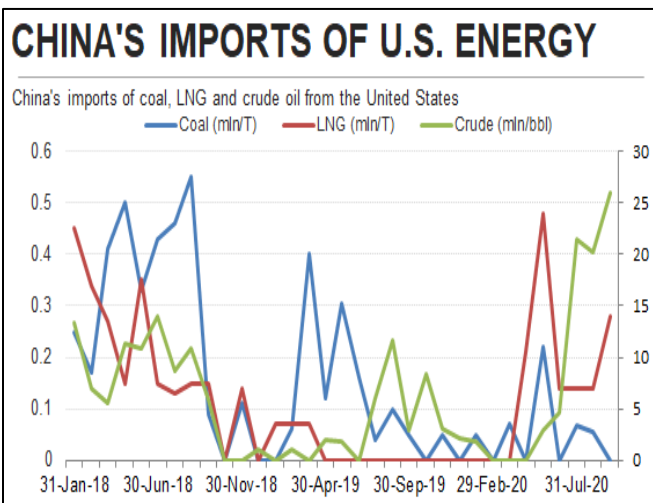
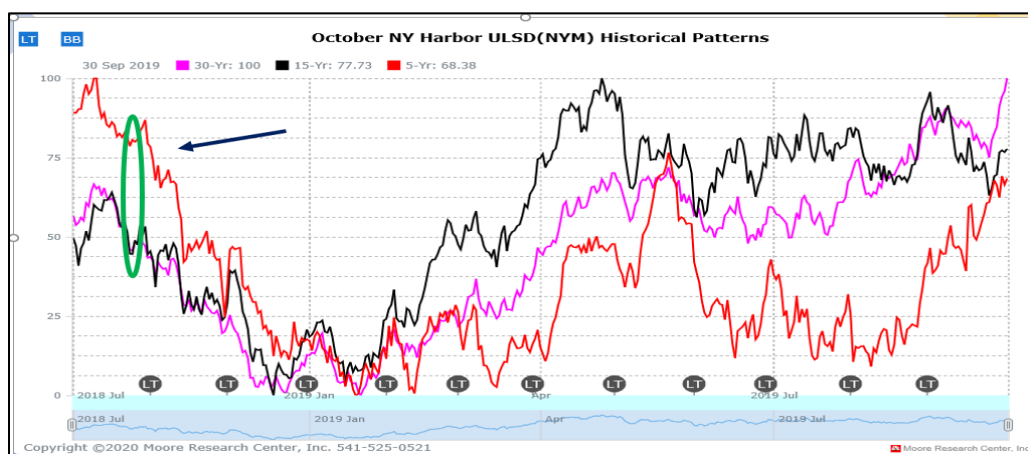
U.S. natural gas futures jumped over 10% this morning from a seven-week low as production continued to decline and demand and exports both increased. Trade this week has been volatile as prices fell over 10% on Monday. The traditional spread between October and November natural gas at the end of September is around 5 cents. The premium of November over October reached a record high of 89 cents earlier this week and is current at 72 cents.



Federal Reserve Chairman Jerome Powell testified before the House Financial Services Committee yesterday and said it was important for Congress to deliver more aid to the economy through another round of fiscal stimulus. Treasury yields remain near historic lows since the Federal Reserve decided to keep interest rates near zero, and many investors have turned to safer investments in light of volatility in the stock market and concern over what a second wave of the virus will do

to an already unstable economy. As the chart shows, 3-month, 2-year and 10-year Treasury yields are all near historic lows. Yields remained low for eight years after the financial crisis and started steadily rebounding through 2018. Talk of another recession moved yields lower at the end 2018 before plummeting in early 2020 due to the virus. Inverted yields just a year ago and current yields near historical lows shows how fragile the economy currently is.

A seasonal heating oil chart shows prices “typically” strengthen going into early October and then soften towards the end of the month. However, the largest seasonal dip still traditionally occurs between Thanksgiving and Valentine’s Day.



A record amount of U.S. Crude oil is likely to be discharged at Chinese ports this month, and then volumes will most likely fall off sharply as the relative price advantage enjoyed by U.S. exporters fade. Vessel-tracking and port data compiled by Refinitiv indicates China will import 867,300 bpd of U.S. crude in September, exceeding 653,870 bpd in August. China’s imports of U.S. crude are likely to drop around 500,000 bpd in October, however, and may be lower in November, according to preliminary estimates.