

Gateway FS, Inc.

Energy Market Update May 20, 2020

NYMEX Prices

| | Close | Wk. Change |
|-----------------------|---------------|----------------|
| June Crude Oil | 33.49 | +8.20 |
| June Gasoline | 1.0438 | +0.1900 |
| June Heating | 0.9906 | +0.1592 |
| June Natural | 1.771 | +0.155 |

Market Comments: Oil futures climbed today, with U.S. prices ending at their highest level in about 10 weeks. The EIA reported a weekly decline of 5 million barrels for U.S. crude supplies, along with a 5.5 million barrel drop in stocks at the Cushing, Oklahoma storage hub. In other news, the EPA has proposed lifting the amount of biofuels that refiners must blend into their fuel next year to 20.17 billion gallons, from 20.09 billion this year. The 2021 volumes would include 15 billion gallons of conventional biofuels like ethanol and 5.17 billion gallons of advanced biofuels.

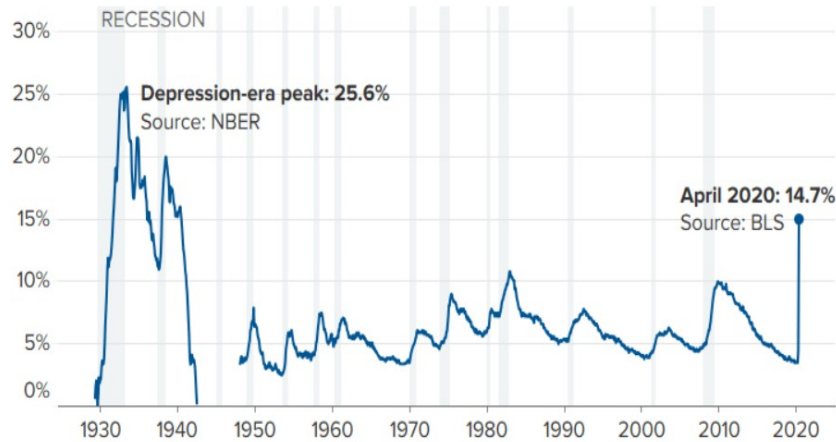
| | Crude | | | | Gasoline | | | | Distillate Fuel | | | |
|-----------------|----------------------------------|------------------------------------|-------------------------|-------------------------|------------------------------------|------------------------------------|-----------------|-------------------------|-------------------------------------|------------------------------------|-----------------|----------------------|
| | Ch an ge | To tal | 3 Yr A v g. | 5 Yr A v g. | Ch an ge | To tal | 3Yr Av g. | 5 Yr A v g. | Ch an ge | To tal | 3Yr Av g. | 5 Yr. Av g. |
| DO E | - 0.7 45 | 53 1. 5 | 4 7 5 | 4 9 0 | - 3.5 13 | 25 2. 9 | 23 3 | 2 3 3 | +3 .51 1 | 1 5 5.0 | 1 2 9 | 13 4 |
| EST . | +7.500/+3.000 | | | | -0.800/-3.000 | | | | +8.475/+1.000 | | | |
| Pro pan e | Total 61.6 +2.2 | | | | Midwest 13.0 +1.0 | | | | Gulf 41.4 +0.3 | | | |
| API' s | Crude +7.600 Cushing -2.300 | | | | Gasoline -1.900 | | | | Distillates +4.700 | | | |

This year, more than 23 million Americans were unemployed as of mid-April as the coronavirus pandemic caused broad shutdowns of economic activity, according to the Bureau of Labor Statics. That

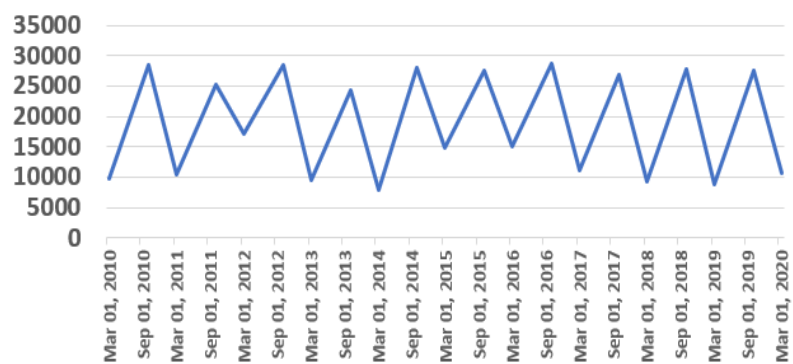
translates to an unemployment rate of 14.7%, it's the highest level since the Great Depression. The unemployment rate has breached 10% only two other times in history, in December 1982 and October 2009, both during recessions. The speed with which the unemployment rate increased is unparalleled in modern history, rising from a half-century low of around 3.5% to its current level in just two months. By comparison, it took more than a year for Depression-era unemployment to see an equivalent rise.

Jobless rate nearing Depression-era levels

Monthly unemployment rate from the National Bureau of Economic Research (1929-1942) and Bureau of Labor Statistics (1948-present)



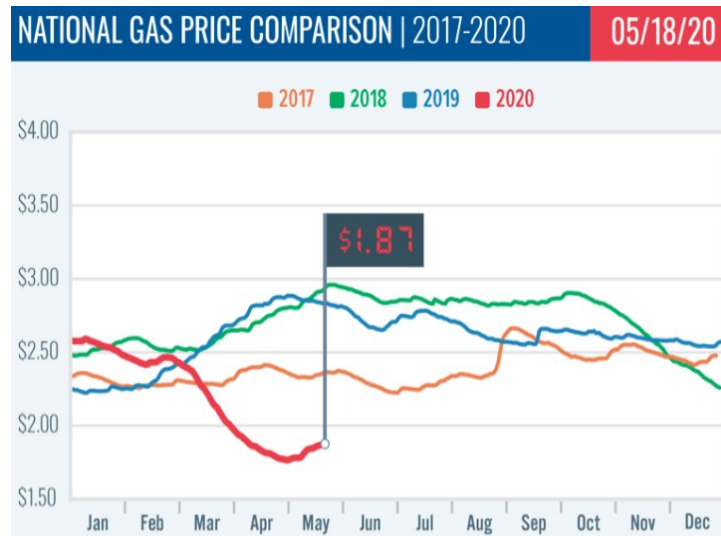
Midwest Propane Stocks
only showing highs and lows



This chart depicts where Midwest propane stocks are at the

beginning of build season on April 1, and the end of build season on Oct 1 over 10 years. The Midwest has a very consistent pattern that ranges between 10-28 million barrels. The Gulf region and the overall U.S. propane stocks vary on a much bigger scale, particularly in recent years. Fears center around a much smaller build season this year, with Midwest

stocks not able to build to 28 million barrels. Wells are being shut in and refinery runs are down which are both affecting propane production. Propane demand is at its lowest ebb in the summer months, but propane production ramps up in April each year.



Prices at the pumps continue to increase across the country with nearly every state's average pushing higher on the week, on average by 4

cents. At the start of the Memorial Day work week, the national gas price average was \$1.87. The last time the gas price average leading into the holiday was under \$2 per gallon was 17 years ago 2003. That year drivers paid, on average, \$1.50 to fill-up. Prices will not be as cheap as 2003, but Monday's national average was a dollar cheaper than a year ago. Motorists can expect gas prices to continue to push more expensive, possibly hitting \$2 per gallon in the next few weeks. This is mostly due to demand increasing as states re-open. This week will also bring the EPA's waiver on the sale of winter-blend gasoline to an end.

What a



difference a month can make. WTI crude futures plunged 300% last month to negative prices prior to the May contract expiring. Many analysts expected the same thing to occur in June as demand plummeted and storage continued to fill. Instead WTI oil futures are rallying at a two-month high ahead of the expiring June contract and should close out the month above \$30. In fact, current WTI futures are at the highest level the market has seen since March 16.