

Gateway FS, Inc.

Energy Market Update August 21, 2019

NYMEX Prices

	Close	Wk. Change
September Crude Oil	\$55.68	+.45
September Gasoline	\$1.6938	+.0180
September Heating Oil	\$1.8573	+.0136
September Natural	\$2.170	+.024

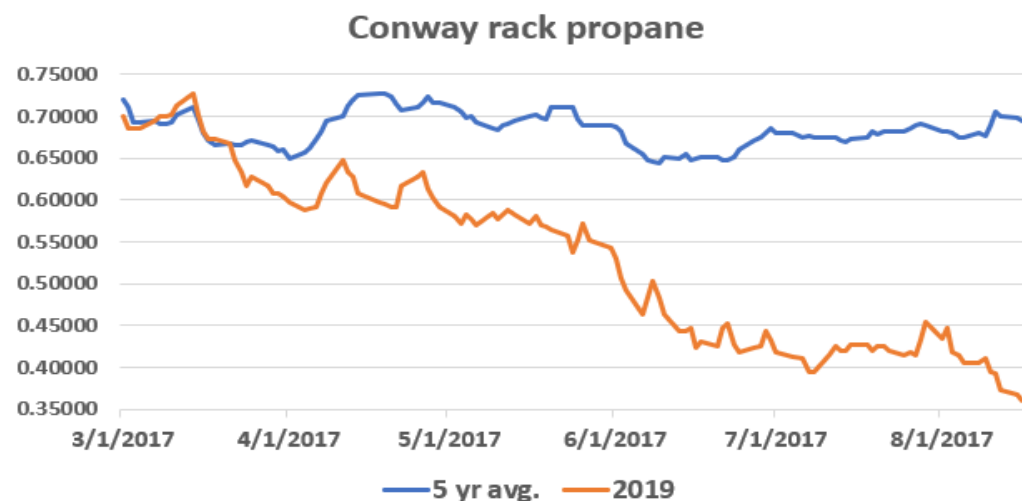
Market Comments: Crude futures settled lower after being up most of the day while the products didn't see much action. Propane's large build of 4 million barrels was the largest for the third week of August dating back to the mid-1990s. The equity market had a decent rally and is up around 1% with a little under an hour left in the trading day.

	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	-2.732	437.8	464	442	+0.312	234.1	232	224	+2.610	138.1	144	140
EST.	+1.100/-3.000				+1.00/-2.000				+1.600/-1.500			
Propane	Total 90.5 +4.0				Midwest 25.5 +0.7				Gulf 53.6 +2.0			
API's	Crude -3.500 Cushing -2.803				Gasoline -0.403				Distillates +1.806			

The U.S. central bank will release minutes from its July meeting today, while Fed Chairman Jerome Powell is due to speak on Friday, when he is expected to give guidance on whether a rate cut is likely in September. The prospect of further U.S. rate decreases has increased since the yield curve between the two-year and 10-year notes inverted last Wednesday for the first time since 2007. Another closely watched portion of the yield curve, the 3-month bill and 10-year note has been inverted since May 23.

Investor sentiment in the equity markets has soured over the past month. The Dow is down 4% since peaking in late July, while investors continue to pour money into safer investments, such as U.S. Treasury's, consequently driving yields down.

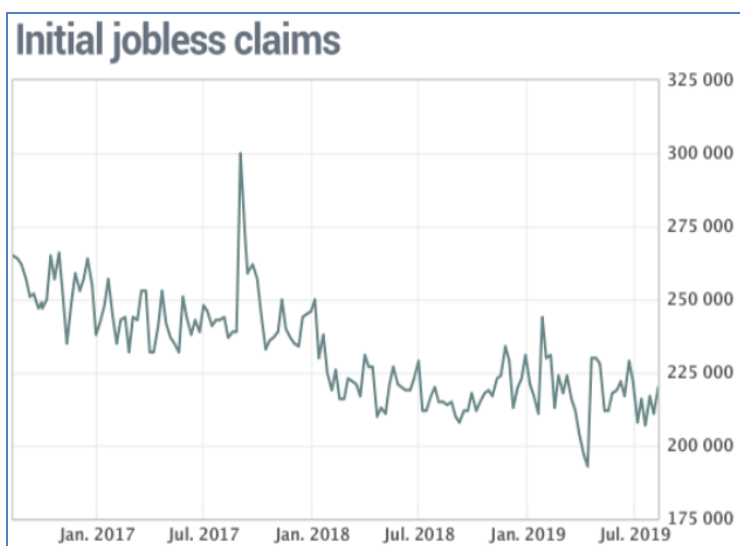




This chart will give you a good idea at how unusual propane rack price is behaving this year. Most years propane price has stabilized by July 1 with rack and contract price coming closer together. The slide in propane prices can be tied back to several factors:

- Crude oil prices began to destabilize around the first week in July after the U.S./China trade talks fell apart.
- Propane production has been extremely strong all year.
- Propane exports were more than 1 million barrels/day for 16 consecutive weeks, but have been below 1mb/d for the last 3 of 5 weeks.
- Propane builds have been larger-than-expected the last two weeks.
- Natural gas prices have been at 3 ½ year lows for the last few months due to some mild summer temperatures that have depressed demand.

In a monthly report, OPEC cut its forecast for global oil demand growth in 2019, by 40,000 bpd to 1.10 million bpd and indicated the market will be in a small surplus in 2020. The bearish outlook, which is due to slowing economies amid the U.S.-China trade war and Brexit could press the case for OPEC and its allies to maintain output cuts to support prices. The report also said oil inventories in developed economies rose in June, suggesting a trend that could raise OPEC concern over a possible oil glut.



Initial jobless claims rose by 9,000 to 220,000 in the seven days ended August 10th, according to the labor department. That's the highest level since late June, though most of the increase appears to have occurred in California. The more stable monthly average of new claims rose by 1,000 to 213,750. The four-week moving average usually gives a more accurate read into labor-market conditions than the more volatile weekly number. The number of people in the U.S. already collecting unemployment benefits, known as continuing claims, increase by 39,000 to 1.73 million.