

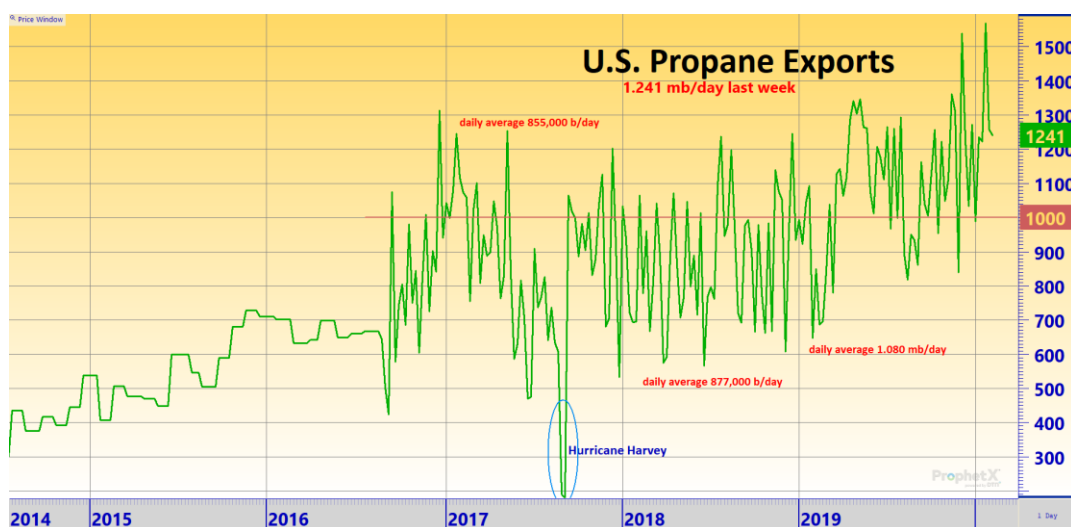
Gateway FS, Inc.

Energy Market Update February 19, 2020

NYMEX Prices

	Close	Wk. Change
March Crude Oil	53.29	+1.83
March Gasoline	1.6633	+0.0741
March Heating Oil	1.6779	+0.0289
March Natural Gas	1.969	+.121

Market Comments: Inventory reports are a day late this week because of the Presidents' Day holiday. A strong close for the oil today perhaps on the coattails of the stock market and ignoring the higher dollar. Higher prices were sustained today with the U.S. imposing sanctions on Russian oil company Rosneft for aiding Venezuela in bypassing THEIR sanctions. Libya's crude output is on a further decline. Oil is likely to have a hard time to sustain higher prices this spring with demand down so much in China, and recessionary fears in Japan. Feds signaled today that interest rates would remain unchanged for a while. Gasoline is staying supported on refinery issues, especially on the East Coast, and slow imports from Europe. Spot propane gained a lot of strength today.



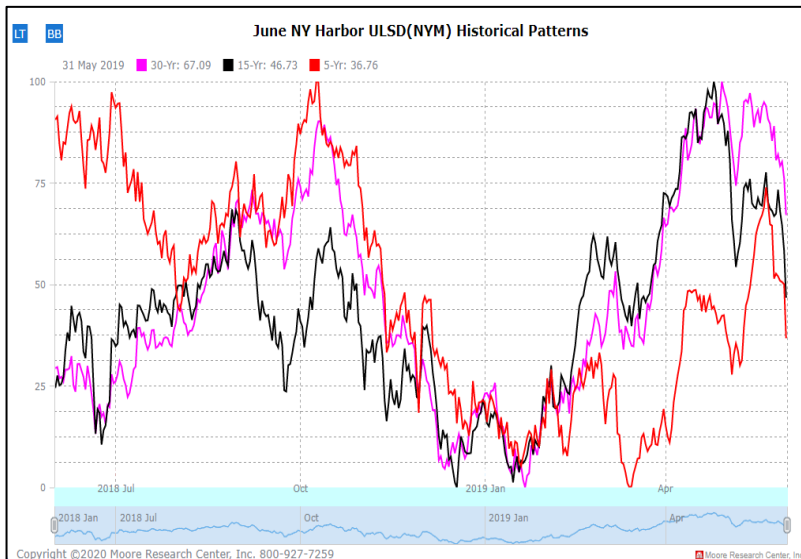
U.S. propane exports hit a new high just a few short weeks ago of 1.569 mb/day. As part of the government stimulus package China announced a procurement exclusion application for several energy products including propane. China is trying to give

encouragement to buy more energy products from the U.S. Privately-owned LPG importers have indicated interest in applying for the waivers which have previously been available only under special circumstances. Normally, news of the waivers would be very good news for U.S. propane exporters, but the impact will now have to wait until normalcy returns to China and their oil demand returns.

Indigenous communities across Canada have been blocking some key railway lines for nearly two weeks in protest over the Coastal GasLink pipeline in British Columbia, which has forced Canada's largest railroad, Canadian National Railway CO, to shut operations in eastern Canadian.

The coronavirus continues to take a toll throughout the economy, and not even the largest, most valuable companies are safe. Apple released a statement stating that it was cutting its sales forecast because of the virus. HSBC Bank, an investment bank based in London and one of Hong Kong's most important banks, plans to cut 35,000 jobs over the next three years as it has become increasingly dependent on China for growth.

A New York Times Analysis found that at least 150 million people in China, which accounts for 10 percent of the country's population, are facing government restrictions about how often they can leave their homes.



The seasonal pattern between mid-November and mid-February that is traditionally the best time to contract fuel is quickly coming to an end. When looking at seasonal patterns for the past 5, 15 and 30 years, diesel futures prices traditionally remain at the lowest levels of the year through mid-February before rising to one of the highest prices of the year during spring planting season.

Libya will face a financial crisis and a budget deficit in 2020 because of a blockade of oil terminals and oil fields by groups loyal to the eastern-based commander Khalifa Haftar. The country's oil output has fallen sharply since January 18th when the blockade started. State-run National Oil Corporation (NOC) said last week that their crude output has dropped to 163,684 bpd.

U.S. underlying consumer prices picked up in January as households paid more for rent and clothing, supporting the Federal Reserve's contention that inflation would gradually rise toward its 2% target. The Labor Department said its consumer price index excluding the volatile food and energy components rose 0.2% last month after edging up 0.1% in December. The cost of living in the past 12 months, meanwhile, climbed to 2.5% from 2.3%, the highest level since the fall of 2018.

