

# Gateway FS, Inc.

## Energy Market Update February 13, 2019

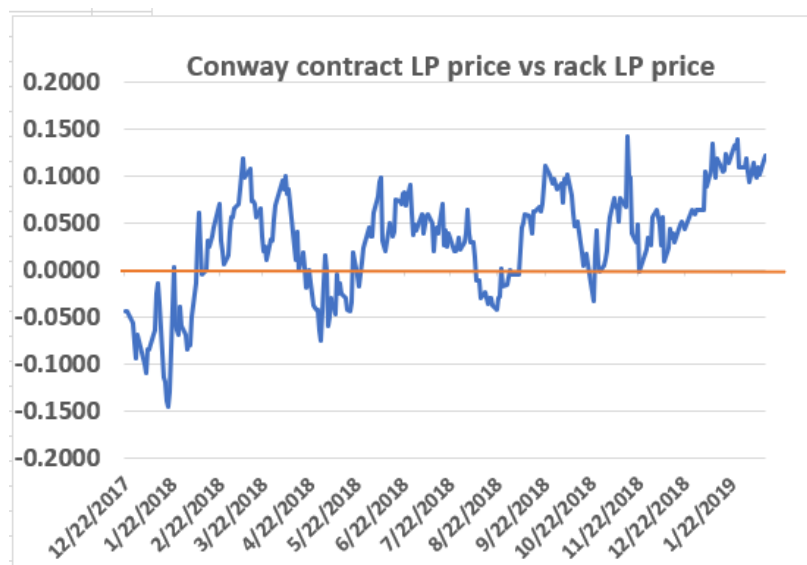
### NYMEX Prices

	Close	Wk. Change
<b>March Crude Oil</b>	<b>\$53.90</b>	<b>+.04</b>
<b>March Gasoline</b>	<b>\$1.4651</b>	<b>+.0107</b>
<b>March Heating Oil</b>	<b>\$1.9388</b>	<b>+.0268</b>
<b>March Natural Gas</b>	<b>\$2.578</b>	<b>-.085</b>

**Market Comments:** President Trump is saying that another government shutdown is unlikely. The deadline for him to sign a deal is midnight Friday, Feb. 15<sup>th</sup>. The inventory report today surprised with across-the-board builds, but most of the increases are blamed on heavy fog in the ship channel that has been shutting in exports. Demand also looked weaker in most categories due to bad weather. Refinery rates dropped by a large 4.8% with all districts doing some refinery maintenance. A stronger equity market also supported oil. U.S. crude production was unchanged at 11.9 mb/day.

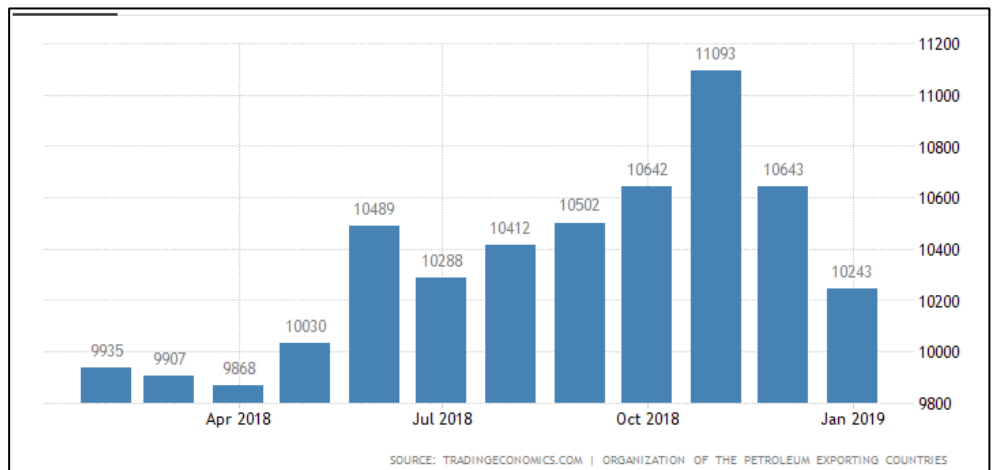
	Crude				Gasoline				Distillate Fuel			
	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.
DOE	<b>+3.633</b>	<b>450.8</b>	481	444	<b>+.408</b>	<b>258.3</b>	255	248	<b>+1.187</b>	<b>140.2</b>	157	143
EST.	+4.000/-3.000				+2.500/-3.000				-.700/-3.000			
Propane	<b>Total 58.2 +.7</b>				<b>Midwest 14.7 -1.2</b>				<b>Gulf 37.1 +2.7</b>			
API's	Crude -.998 Cushing -.502				Gasoline +.746				Distillates -2.481			

Contract and rack propane prices had been coming closer together until about a month ago. Now a fairly large spread has developed between the two despite plenty of Arctic weather. Propane exports have fallen due to fog-delayed shipments, production is plentiful and stocks remain about last year's supply. Propane production has been holding above the 2 million



barrels/day mark for the last six months. The orange line at the .0000 mark is when rack prices and contract prices are equal. Below the .0000 mark is when rack prices are higher than contract prices, and above the mark is when contract price is higher. The spread for the last month shows that contracted price is about 10-13 above rack price.

The biggest cuts came from top OPEC producer Saudi Arabia. As the chart to the right indicates, Saudi Arabia pumped 400,000 bpd less in January than it did in December. This is just two months removed from pumping an all-time high of over 11 million bpd in November.



Since early September the soybean market has been tracing out a positive uptrend. The market has gotten some bullish momentum on encouraging trade talks with China. Late last week the market was lifted fractionally on the USDA pegging soybean ending

inventories at 910 million bushels, down 45 million from the USDA's December forecast of a record 955 million bushels.

U.S. imports of Venezuelan crude have decreased in recent years as production in Venezuela has declined. The recently announced U.S. sanctions directed towards Venezuela's energy sector and state oil company, PDVSA, will basically eliminate U.S. imports of Venezuelan crude oil as the effects of the sanctions emerge. However, the EIA does not anticipate any significant decrease in U.S. refinery runs as of result of the sanctions. Imports of Venezuelan crude have been declining for several years and refineries have been replacing it with other heavy crude oils

