

Gateway FS, Inc.

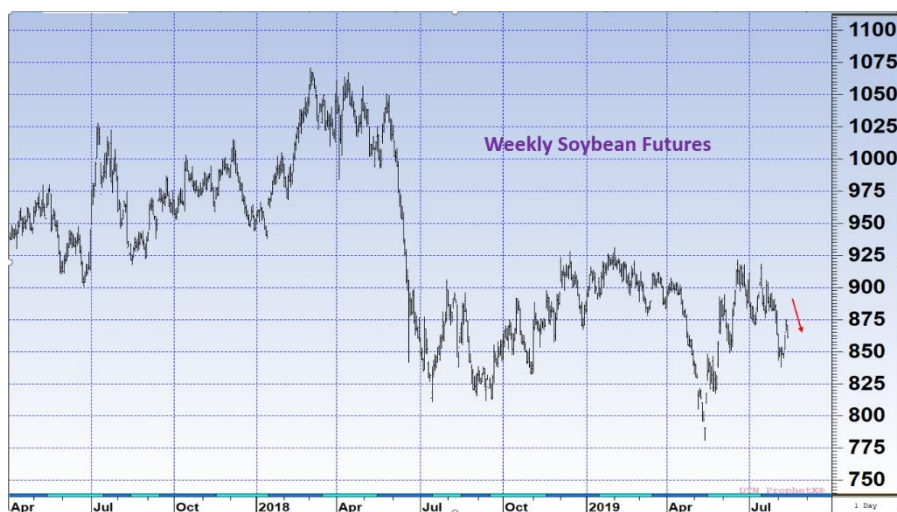
Energy Market Update August 14, 2019

NYMEX Prices

	Close	Wk. Change
September Crude Oil	\$55.23	+4.14
September Gasoline	\$1.6758	+.0555
September Heating Oil	\$1.8437	+.0905
September Natural	\$2.146	-.063

Market Comments: Markets struggled today with weak economic data from Europe, Asia, and weak performances from U.S. Treasury notes and bonds. Trump and Saudi Arabia exchanged testy tweets over the price of oil, and propane had a large stock build, but lower exports on the latest government inventory report. Bank EFTs fell more than 20% below recent highs on this rough day, a mere 24 hours after Trump postponed further tariffs on Chinese goods. Favorable gasoline and diesel demand numbers kept the market from falling as much as it might have, but stocks look to settle at ugly levels this afternoon. Today's oil and stock markets are lower with a recessionary sign flashing in the Treasury notes. The yields on the 2-year and 10-year notes inverted early this morning for the first time since December 2005. The 30-year note has fallen to a record low. These same signals have preceded the last nine recessions dating back to 1955, even though months or up to two years can pass after these signals and before a recession.

	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	+1.58	440.5	468	445	-1.412	233.8	233	226	-1.938	135.5	143	140
EST.	+2.000/-4.400				+3.088/-3.000				+2.500/-3.000			
Propane	Total 86.5 +3.2				Midwest 24.8 +2				Gulf 51.6 +2.5			
API's	Crude +3.700 Cushing -2.500				Gasoline +3.700				Distillates -1.300			



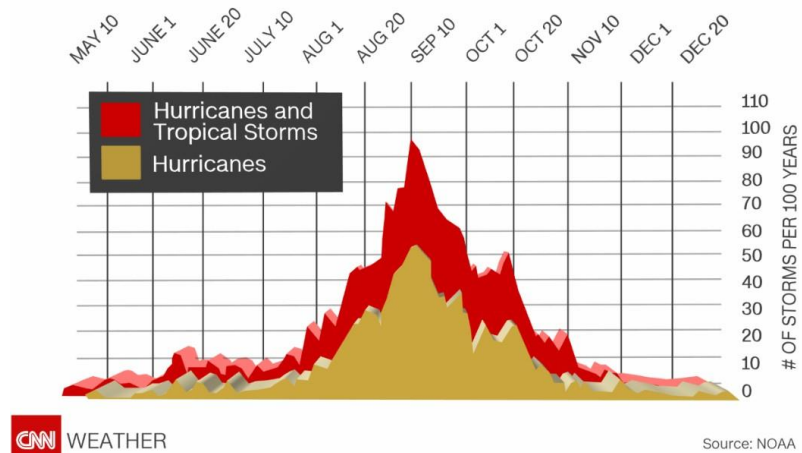
Both the corn and soybean markets plummeted to the downside on Monday following the release of a bearish crop report. However, the soybean market is attempting to regroup on NASS's confirmation of the least number of planted bean acres in 8 years. As for the weekly USDA crop progress report, both corn and soybeans in the top

category were left unchanged from the previous week.

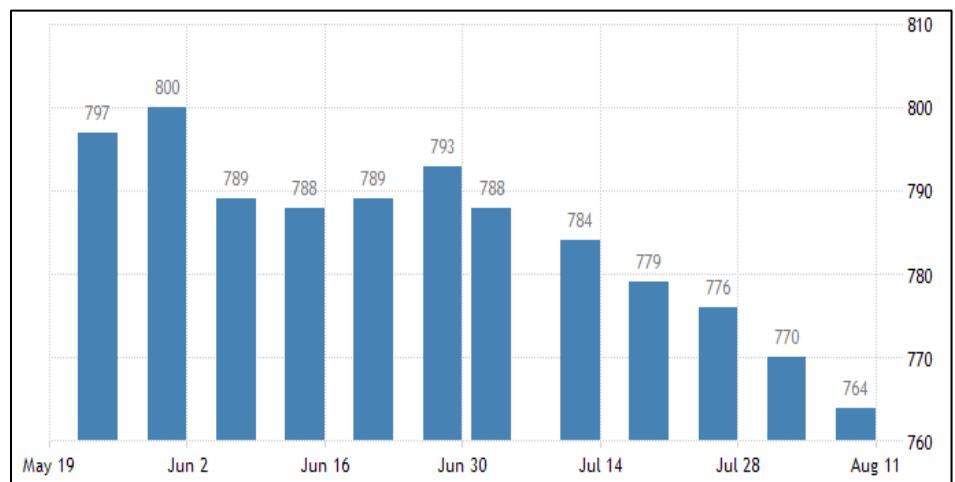
China's central bank lowered its official yuan midpoint for the ninth straight day to a fresh 11 year low. A weaker yuan raises the cost of dollar denominated oil imports.

NOAA updated their prediction on the Atlantic hurricane season with El Nino on the wane and warmer-than-normal ocean temperatures remaining. We are approximately a month away from the peak of the hurricane season with the Climate Prediction Center and Tropical Meteorology Project at Colorado State University agreeing that the storm season will be

above normal. Two to four hurricanes are forecast to be Category 3 or higher according to NOAA, whereas Colorado State says two. To date the season has been average. Ten to 17 storms are still expected but no major tropical development in the Atlantic is seen for the next two weeks.



Last week U.S. Energy firms cut the number of operating oil rigs for the sixth week in a row as producers cut spending on new drilling and completions leading to lower production growth forecasts. Drillers cut six oil rigs in the week to August 9th, bringing the total count down to 764, the lowest since February 2018.



The group diesel rack basis established a short-term low in mid-July and has since gained some positive momentum. This year's basis levels are running well below several of the previous years. Typically, diesel basis values will continue to strengthen going into the fall months as demand from the agriculture sector ramps up. It could be an

interesting fall as the crops were planted during a large time window this spring, which could result in an extended harvest this fall.