

Gateway FS, Inc.

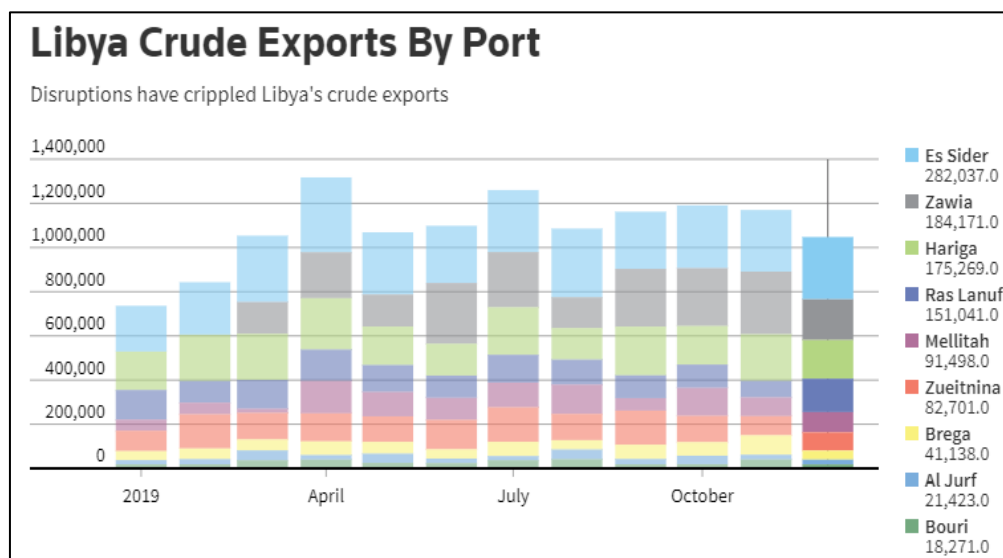
Energy Market Update January 22, 2020

NYMEX Prices

	Close	Wk. Change
March Crude Oil	56.74	-1.08
February Gasoline	1.5809	-0.0559
February Heating Oil	1.8014	-0.0765
February Natural Gas	1.9110	-0.218

Market Comments: When the dust settled on Wednesday afternoon the energy markets were sharply lower. The crude oil market was pulled to its lowest level since early December on fears of an oversupply of crude which outweighed a disruption to Libyan production. Allies of a renegade general have blocked a key oil export pipeline in western Libya, forcing additional production cuts a day after a port blockade had already halved the country's output.

The International Monetary Fund (IMF) has become less optimistic about global growth, suggesting that the outlook remains sluggish and there are not clear signs of a turning point. In October the IMF forecast a global growth rate of 3% for 2019 and 3.4% for 2020. The Washington-based institution has now revised down those forecasts to 2.9% and 3.3%, respectively. The downward revision was mostly due to lower growth in India. For 2021, the Fund has forecast a growth rate of 3.4%.



Two major oilfields in southwest Libya began shutting down on Sunday after forces loyal to Khalifa Haftar closed a pipeline, potentially cutting national output to a fraction of its normal level, according to the National Oil Corporation (NOC). NOC declared force majeure on crude loadings from the

Sharara and El Feel fields.



Since Phase One of the U.S. China trade deal was signed last Wednesday, the soybean market has lost approximately 14 cents. It appeared to be the case of “Buys rumor and Sell the Fact.” In addition, China continues to comment that purchases under Phase 1 agreement will be made based on market demand. This is not new news but

doubt among traders continues to grow that China will be able to meet ag purchase commitments.

Fears of a potential coronavirus pandemic has weighed heavily on shares of companies in a wide variety of sectors this week, particularly those with revenue exposure to travel into and out of China. With the death toll reaching 6, and more than 300 having been infected by the virus, the Chinese government confirmed over the long weekend that the virus can be spread by humans. That sparked fears of a pandemic similar to that of SARS, another coronavirus that spread from China to more than a dozen countries in 2003 and killed about 800 people. The Centers of Disease Control and Prevention confirmed Tuesday that there was one case of coronavirus reported in the U.S.



Although OPEC has deepened production cuts by 1.7 million through the end of March, and possibly through the end of the year, several other non-OPEC nations (and one OPEC nation not in the supply cut agreement) should more than make up the difference. Canada, Brazil, Norway, Venezuela and Guyana are projected to produce an additional 1.7 million bpd in 2020. Add in the additional 1.3 million bpd that the United States is projected to increase, and total production growth is forecasted at 2.8 million bpd from these 6 countries alone. This far more than makes up for OPEC’s production cuts.