

Gateway FS, Inc.

Energy Market Update July 8, 2020

NYMEX Prices

	Close	Wk. Change
August Crude Oil	40.86	+2.82
August Gasoline	1.2883	+0.0974
August Heating Oil	1.2343	+0.082
August Natural Gas	1.824	+0.228

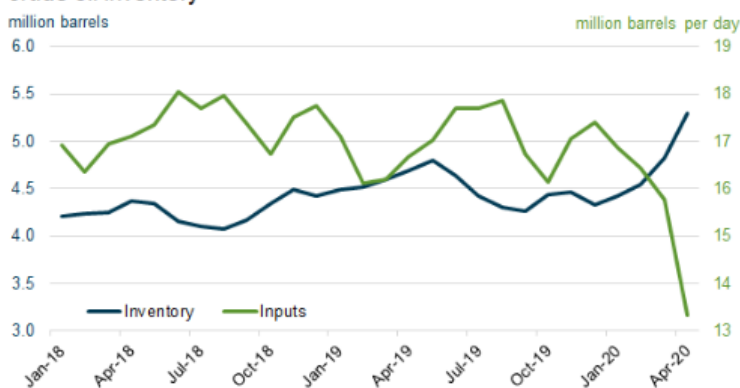
Market Comments: The energy markets wrapped up mixed on this Wednesday afternoon.

Initially crude oil prices declined after government data showed U.S. crude inventories unexpectedly rose in the latest week, but the market lost steam going into the close. In other news, a federal judge ordered the Dakota Access pipeline to shut down by next month because it was improperly granted a key environmental permit, a major setback for operator Energy Transfer LP and the American shale drilling industry.

	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	+5.654	539.2	453	470	-4.839	251.7	235	232	-0.759	177.3	135	138
EST.	-5.000/+1.478				-3.000/+2.000				-2.000/+1.100			
Propane	Total 76.8 +2.2				Midwest 19.3 +0.9				Gulf 44.6 +1.20			
API's	Crude +2.000 Cushing +0.164				Gasoline -1.800				Distillates -0.850			

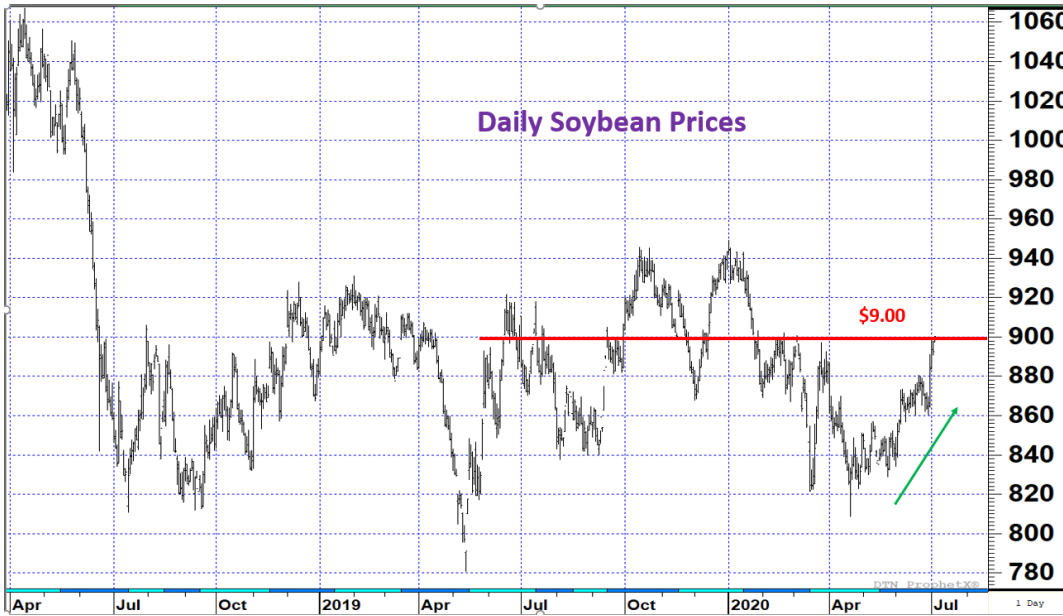
The USDA weekly crop progress report indicated 71 percent of the U.S. corn crop was in good to excellent condition, this is a 2-point drop from the previous week. The U.S. soybean crop was rated 71 percent good to excellent, unchanged from the previous week.

Figure 2. Gross inputs into U.S. refineries and U.S. crude oil inventory



April's record crude oil inventory increase is a result of refinery runs falling more quickly than U.S. crude oil production and imports. U.S. production of crude oil in April averaged 12.1 million barrels per day, a decrease of 669,000 b/d (5%) from March. This decrease represents the largest month-over-month decline since September 2008, when Hurricanes Ike and Gustav hit the U.S. Gulf Coast. U.S. imports of crude oil fell by 776,000 b/d (12%) from March to April.

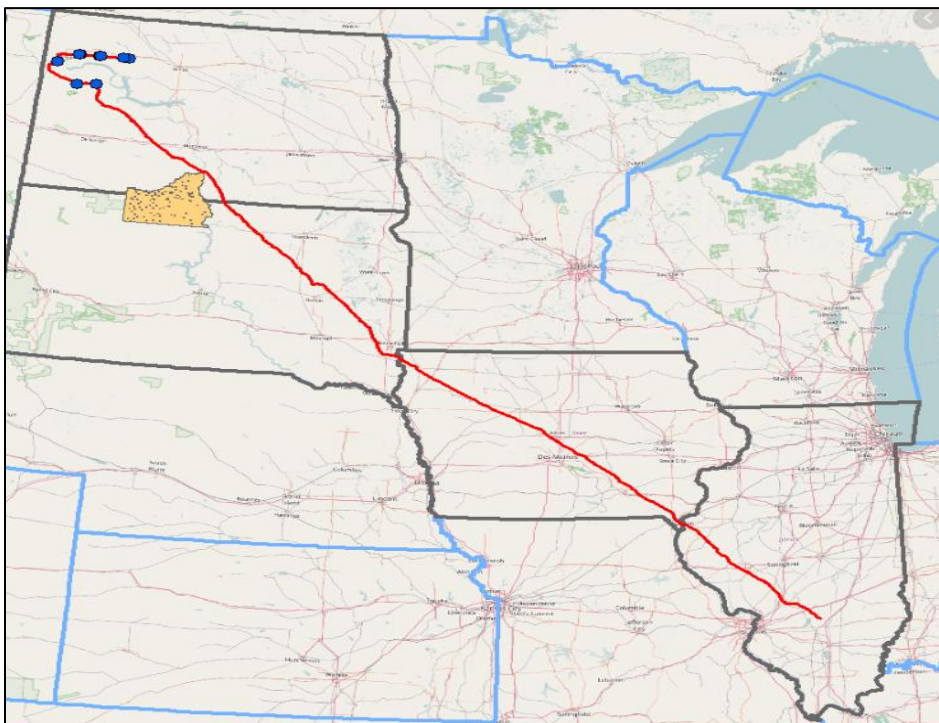
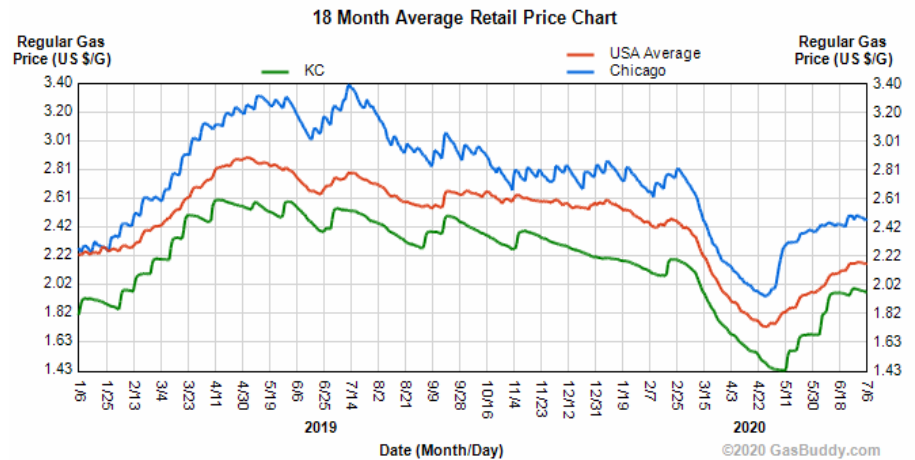
However, the declines in crude oil production and imports were less than the record 2.4 million b/d (16%) decrease in gross inputs into refineries, driving crude oil inventories up in April.



The hot and dry weather conditions have both the corn and soybean markets trending higher. The soybean market is knocking on the door of the \$9.00 resistance level. Prices have not been this high since early April. If the market can penetrate the \$9.00 region and hold it for several days, it would open the door for a run to the previous highs

at \$9.40.

The price of U.S. gasoline appears to be leveling off after trending higher since early May. Once states started to reopen the demand for gasoline started to come back. However, prices are still approximately \$0.60 below where they were at this same time last year.



Crude may find some support as a federal court ruled yesterday that the Dakota Access Pipeline must shut down by August 5 pending a full environmental review. The U.S. District Court for the District of Columbia scrapped a key permit from the Army Corps of Engineers and ordered the pipeline to end its three-year run of delivering oil. The pipeline is a 1,172 mile-long underground oil pipeline that begins in the shale oil fields of the Bakken formation in northwest North Dakota, and ends near Pakota, Illinois.