

Gateway FS, Inc.

Energy Market Update July 1, 2020

NYMEX Prices

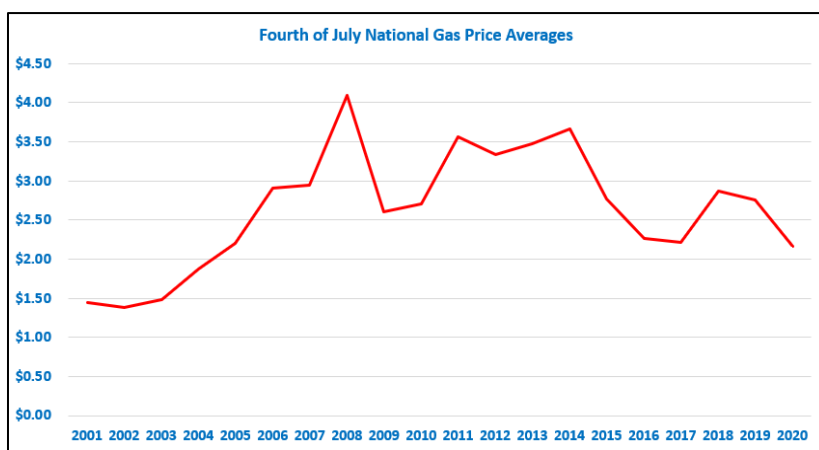
	Close	Wk. Change
August Crude Oil	39.82	+1.81
August Gasoline	1.2008	+0.0016
August Heating Oil	1.1996	+0.0339
August Natural Gas	1.671	+0.010

Market Comments: Energy markets settled higher this afternoon.

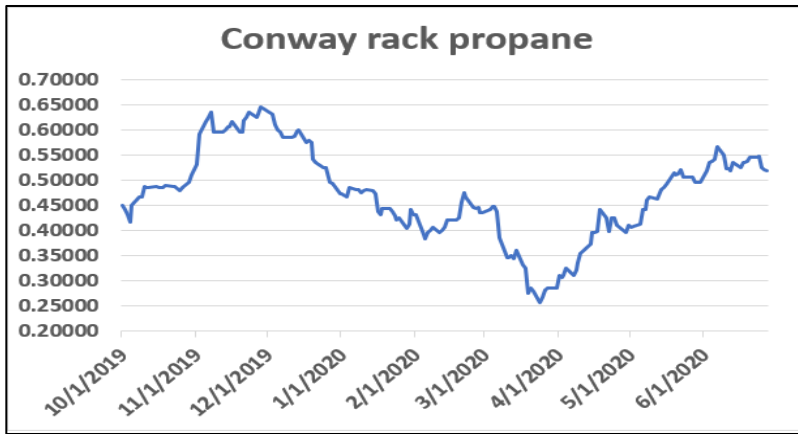
Energy prices settled higher this afternoon due to a large draw in crude inventories, positive manufacturing data, and the possibility of a vaccine. Positive manufacturing data throughout the globe carried over into the afternoon and helped support prices through settlement. Preliminary trial results of an experimental coronavirus vaccine from Pfizer showed the drug was safe for use and facilitated the production of antibodies against the coronavirus. However, an increase of global coronavirus cases continues to cap gains. Investors remain cautious after a warning from the government's top infectious disease expert said that cases could soon double in the U.S.

	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	-7.195	533.5	463	476	+1.199	256.5	236	233	-0.593	174.1	132	136
EST.	-2.000/+2.318				-2.000/+1.400				-2.000/+0.900			
Propane	Total 74.6 +3.3				Midwest 18.4 +1.4				Gulf 44.8 +0.8			
API's	Crude -8.156 Cushing +0.164				Gasoline -2.459				Distillates +2.638			

As demand for gasoline continues to rise, prices have moved higher but remain far lower than last year. According to GasBuddy, gasoline prices for the Fourth of July weekend will be the lowest they have been since 2004. Nationwide gas prices are projected to average \$2.17 this year, compared to \$2.76 in 2019. For perspective, nationwide gas prices were \$1.87 back



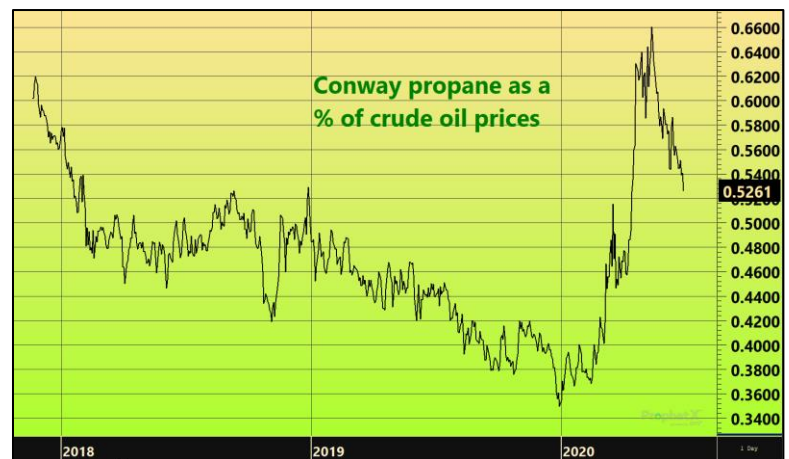
in 2004. Gasoline demand has rebounded almost 53% from lows reached in April but are still 18% below a year ago. With anxiety about the coronavirus and the addition of hurricane season peaking in August and September, there will continue to be volatility at the gas pumps the remainder of the year. Gas Buddy analysts are projecting the national average for gasoline to be somewhere between \$2.25 and \$2.50 per gallon during the Labor Day weekend.



Rack prices have been falling since June 6 (albeit slightly). It is common for propane prices to decline during the month of June. The decline has been minimal this year, but it is still an opportunity to lay in some rack propane for you and your customers before prices start heading back up again. Often prices head higher in early July and don't look back much throughout

the fall and winter. Last winter prices fell early due to warm weather and bottomed in early March. Altogether 2020 will be a year for the history books.

Conway propane as a percentage of crude had its recent high May 13-14 of 66%. Since then it has fallen to 51% of the crude price. It is better to buy propane when it is at a lower % to crude oil. Crude oil has been strictly on the fence lately. It had a nice settlement yesterday, close to \$40, but because of the renewed surge of the virus and its ability to destroy oil demand quickly, crude is particularly hard to call. What will propane prices will go with it. Propane, on its own fundamentals. Propane has not move back to a higher percentage to crude



OPEC cut oil output in June by 1.25 million bpd from May levels as it works to reach its record supply cut agreement of 9.7 million bpd. OPEC's share of the cut is 6.084 million bpd, while its allies have agreed to cut the remaining 3.6 million bpd. OPEC remains about 1.55 million bpd away from full compliance according to Petro-Logistics. Iraq, Nigeria and Kuwait have been the largest contributors for the supply cuts since May

Federal Reserve Chairman Jerome Powell and U.S. Secretary of the Treasury Steven Mnuchin spoke to Congress yesterday and voiced their concern that a failure to properly contain the spread of the coronavirus will set back the economic recovery. Powell stated a second outbreak could force government and people to withdraw again from economic activity. He also added that a resurgence of cases could undermine confidence in the recovery, which was critical to driving consumption and normal economic activity. Powell committed to keeping interest rates low and ensuring financial markets are operating properly. The S&P 500 is up around 0.50% this morning.