

# Gateway FS, Inc.

## Energy Market Update May 23, 2018

### NYMEX Prices

	Close	Wk. Change
June Crude Oil	\$71.76	+0.27
June Gasoline	\$2.2586	+0.0087
June Heating Oil	\$2.2888	+0.0193
June Natural Gas	\$2.920	+0.104

### **Market Comments:** The energy markets closed mixed on Wednesday

**afternoon.** The central focus in the markets at mid-week was on the DOE report; builds were posted in gasoline, crude oil and propane. Distillates were the only product that had a draw. In other news, it is being reported China will import record volumes of U.S. oil and is likely to ship more U.S. soy after Beijing signaled to state run refiners and grains purchasers they should buy more to help ease tensions between the two top economies.

	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>+5.778</b>	<b>438.1</b>	472	465	<b>+1.883</b>	<b>233.9</b>	225	227	<b>-0.951</b>	<b>114.0</b>	488	426
EST.	-0.500/-3.500				+1.500/-3.000				+0.500/-2.600			
Propane	<b>Total +0.7 41.1</b>				<b>Midwest +1.1 12</b>				<b>Gulf -0.5 +0.4 23.7</b>			
API's	<b>Crude +4.854 Cushing +0.062</b>				<b>Gasoline -3.369</b>				<b>Distillates -0.768</b>			

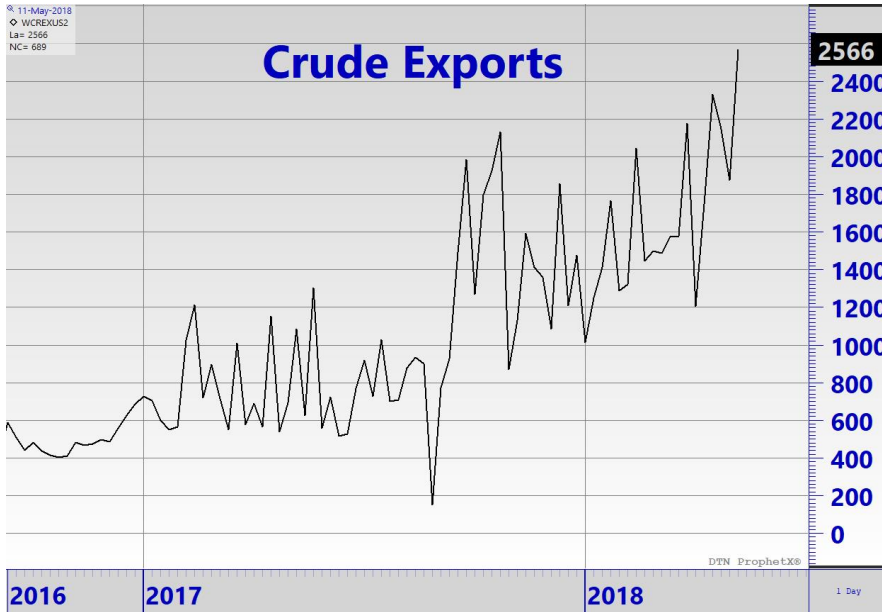


**The soybean market has resumed its uptrend this week following news the U.S. declared an apparent truce in its trade spat with China.** This past weekend it was announced that some trade resolutions had been reached. Treasury Secretary Mnuchin noted that he expects ag exports to

China to increase 35 to 45 percent this year and for energy exports to increase over the next few year. The next upside target in the November soybean market comes in at the previous high of \$10.60, which was established in early April.

Weekly crop progress report indicated 81 percent of the U.S. corn crop has been planted, which is in line with the 5 year average. Soybeans are 56 percent planted, which is higher than the 5 year average of 44 percent.

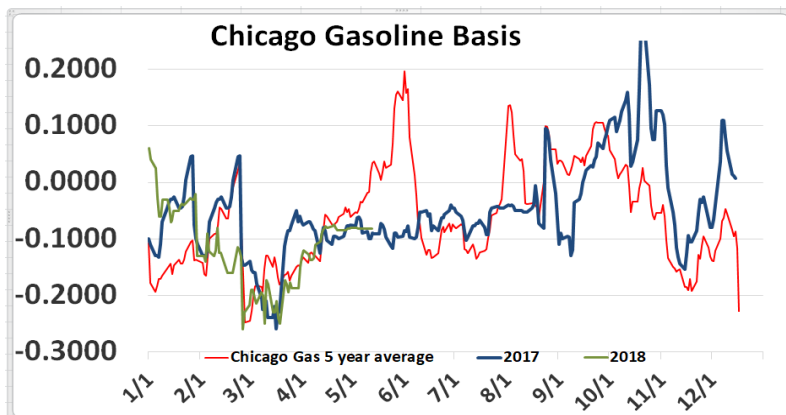
The average price of regular gasoline increased by 10 cents per gallon over the past two weeks to \$3 per gallon. The highest average was \$3.79 in the San Francisco Bay Area, while the lowest was \$2.54 in Baton Rouge, Louisiana. The average price for diesel fuel rose 9 cents to \$3.23 per gallon.



U.S. crude exports made a new high record with last week's stats of 2,566 million barrels/day. This has been due in part to the spread between two benchmark crudes (U.S. WTI or West Texas Intermediate and Brent crude from the North Sea). The most recent high spread was last Friday with the Brent at a \$7.81 premium to the WTI, making WTI a very attractive export. Yesterday the spread narrowed slightly with news that the European Union is seeking ways to remain in the Iran nuclear

agreement along with China and Russia.

France and Germany, parties to the Iran nuclear agreement, have expressed their interest in continuing with the agreement despite the U.S. dropping out. Iran has pledged to uphold a curb on their nuclear activities as long as business from the European Union can offset sanctions that are expected to be reinstated later this calendar year by the U.S. Payments for Iran's oil from the EU would have to be made outside of the global financial system which is dominated by the U.S. European firms that decide to stay in business ventures with Iran would be shielded from the U.S. sanctions by the EU.



Chicago gasoline basis can get a little crazy this time of year (see the five-year average in red), but right now is as calm as it was through the spring and summer of 2017.