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Market Outlook:

- Diesel has fallen pretty drastically over the last month. The market looks to be oversold and may be in a cooling period or has found a new level considering OPEC's current drive to protect market share.
- Propane supplies are at a level, in the Midwest, where analysts believe that prices could stay steady through winter. The analysts always hedge these comments with the phrase, "depending in demand." Contracting is still the best insurance against rising prices as winter sets in.

Market News:

- There is a saying, "When everyone starts buying, sell; and when everyone starts selling, buy!" OPEC created a great deal of market consternation this week by announcing they would **not** reduce production to support downward spiraling prices of crude oil. This action is perceived to protect OPEC's market share against crude oil from the Shale plays in the US bringing large volumes to a shrinking global market. Everyone began selling Crude futures as a result of the OPEC announcement. Taking the saying at the beginning of this paragraph into account, it is a good time to think about the gallons of fuel needed by your operation for next year. Heartland Coop has different contracting timeframes for contracting fuel. Each is worth your time to consider.

Propane:

- There is not a lot of news pertaining to propane; demand is creeping higher as some Midwest states move into this season's corn harvest. That demand however is not near robust enough to cause seller of propane to increase the propane to crude correlation value.
- Demand for propane will likely dictate price direction in the coming weeks as we move through the fall demand season and into the winter heating season.
- With strong supplies of propane in the Midwest, I would say we are better positioned to avoid price spikes in propane that were witnessed back in January.

Ethanol:

October 16, 2014

Production Analysis

	(mln) Barrels	(mln) Gallons	(mln) Bushels
YTD Production	37.898	1,592	573
YTD Weekly Averages	6.316	265	95.4
USDA Annual Estimate	339.226	14,248	**5,125**
Implied Weekly Avg Needed	6.524	274	98.6
Wks Remaining in Crop Year	**46**		
Total Remaining to Reach USDA Estimate	301.328	12,656	4,552
Current % of USDA Estimate			**11.17%**
Weekly Needed to Reach USDA Estimate	6.551	275	99

***Equivalent Barrels per Day Rate needed:** **936**

Weekly DOE Ethanol Report

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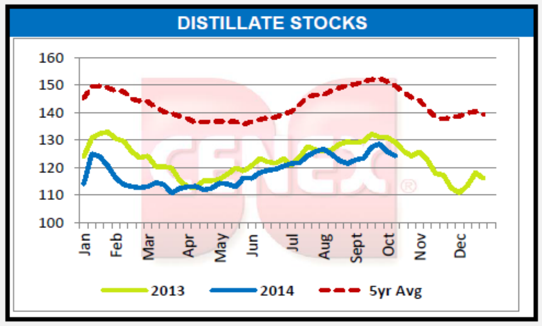
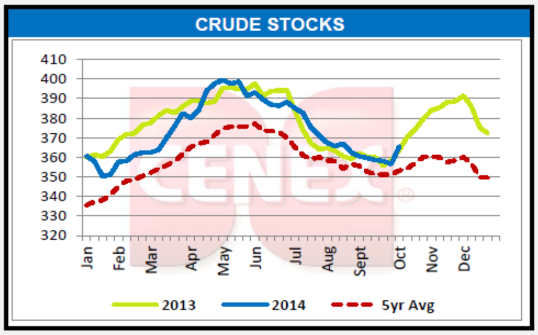
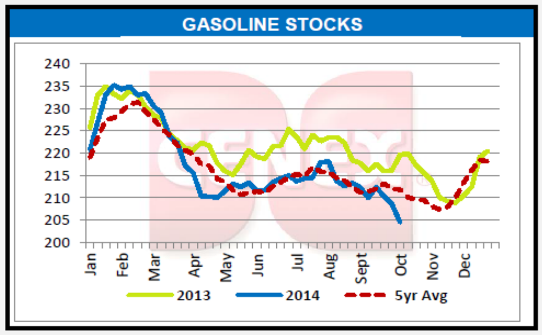
10/16/2014

million bbls	STOCKS: DOE Actual	STOCKS: Trade Estimate	STOCKS: API	DEMAND: Current Week	DEMAND: Chg
Distillate	▼ 1.5	▼ 1.5	▼ 0.2	3.71	▲ 6.1%
Gasoline	▼ 4.0	▼ 1.2	▼ 3.1	9.04	▲ 4.6%
Crude	▲ 8.9	▲ 2.8	▲ 10.2		
Refinery Utilization	▼ 1.2% 88.1%	▼ 0.8% 88.5%			

Current NYMEX	CL	HO	RB
	80.78	2.4468	2.1664
	▼ 1.01	▼ 0.0118	▲ 0.0177







Energy Market Supply

Summary of Weekly Petroleum Data by the Energy Information Agency for the Week Ending October 10, 2014

U.S. crude oil refinery inputs averaged over 15.3 million barrels per day during the week ending October 10, 2014, 233,000 barrels per day less than the previous week's average. Refineries operated at 88.1% of their operable capacity last week. Gasoline production increased last week, averaging about 9.3 million barrels per day. Distillate fuel production decreased last week, averaging 4.6 million barrels per day.

U.S. crude oil imports averaged over 7.7 million barrels per day last week, up by 28,000 barrels per day from the previous week. Over the last four weeks, crude oil imports averaged 7.4 million barrels per day, 8.4% below the same four-week period last year. Total motor gasoline imports (including both finished gasoline and gasoline blending components) last week averaged 428,000 barrels per day. Distillate fuel imports averaged 145,000 barrels per day last week.

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) increased by 8.9 million barrels from the previous week. At 370.6 million barrels, U.S. crude oil inventories are in the upper half of the average range for this time of year. Total motor gasoline inventories decreased by 4.0 million barrels last week, and are in the middle of the average range. Both finished gasoline inventories and blending components inventories decreased last week. Distillate fuel inventories decreased by 1.5 million barrels last week and are in the lower half of the average range for this time of year. Propane/propylene inventories rose 0.7 million barrels last week and is well above the upper limit of the average range. Total commercial petroleum inventories increased by 1.0 million barrels last week.

Total products supplied over the last four-week period averaged 19.3 million barrels per day, up by 1.6% from the same period last year. Over the last four weeks, motor gasoline product supplied averaged 8.8 million barrels per day, down by 0.5% from the same period last year. Distillate fuel product supplied averaged about 3.8 million barrels per day over the last four weeks, up by 0.7% from the same period last year. Jet fuel product supplied is up 4.4% compared to the same four-week period last year.[i]

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[i] http://ir.eia.gov/wpsr/wpsrsummary.pdf

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