HEARTLAND CO-OP ENERGYMARKET UPDATE

Energy Market Outlook: Hearing a lot of sub $2.00 gas by News Year's Eve predictions. Time will tell! As Driving season grinds to a close and school gets geared back up, demand for gasoline should fall off. Couple falling demand with increasing supplies of crude oil and sub $2.00 is possible.

Energy Market News:

- Oil closed down across the board, natural gas was steady to slightly higher on Wednesday. Dollar and stock markets are in the positive at this point. The inventory report showed a big crude draw but the U.S. still has 90 million barrels in storage. Forty percent of the crude decline was West Coast. Both refined products had a build; that coupled with the Whiting refinery restart gave us a mostly bearish day. Oil has dropped a lot in just a few days. Makes it feel like we should be closer to Friday.
- Mark the date on your calendars: Aug. 28, 2018. That's when Saudi Arabia goes broke. Or at least that's the date according to one model of the oil-rich nation's reserves, crude production and the price of oil. If crude stays around $40, America's Middle Eastern ally will run out of money on that date. Obviously, that assumes no other changes in fiscal or monetary policy.[1]
- While most oil stocks have fallen sharply this month, the least affected by the slump share one thing in common: they don't plan to slow down, even though a glut of supply is forcing prices down. Cimarex Energy Co. jumped more than 8 percent in two days after executives said Aug. 5 that their rig count would more than double next year. Pioneer Natural Resources Co. rallied for three days when it disclosed a similar increase.[2]

Economy:

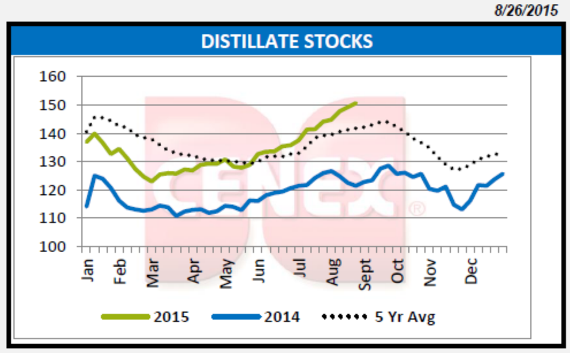
- A gauge of U.S. business investment plans posted its largest increase in just over a year in July, underscoring the durability of the economic recovery despite a slowing global economy. The Commerce Department said today non-defense capital goods orders excluding aircraft, a closely watched proxy for business spending plans, increased 2.2% last month, the biggest rise since June last year.
- U.S. index futures are pointing to a higher open following the sharp sell-off in the last hour of trading yesterday. Tuesday's session saw the biggest reversal of a rally in the S&P 500 since October 29, 2008, with the index now only 1% away from erasing all its gains from the end of 2013.
- Applications for U.S. home mortgages edged up last week as interest rates declined, an industry group said on Wednesday. The Mortgage Bankers Association said its seasonally adjusted index of mortgage application activity, which includes both refinancing and home purchase demand, rose 0.2% in the week ended Aug. 21. The MBA's seasonally adjusted index of refinancing applications fell 1.0%, while the gauge of loan requests for home purchases, a leading indicator of home sales, rose 1.7%.

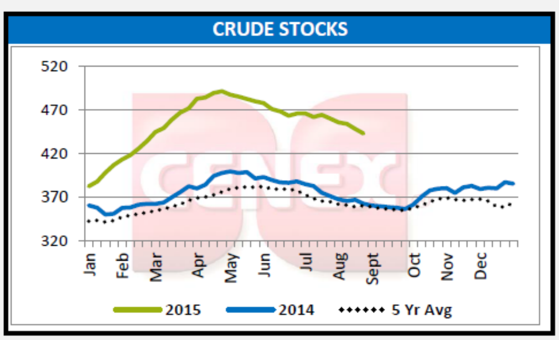
Market Supply:

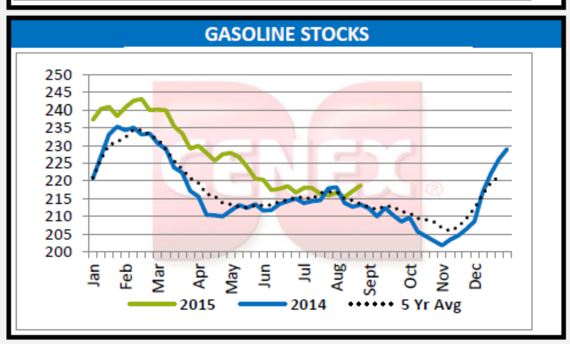
8/26/2015

	STOCKS			DEMAND	
million bbls	DOE Actual	Trade Estimate	API	Current Week	Chg
Distillate	▲ 1.4	▲ 1.0	▲ 1.5	3,601.00	▼ 7.5%
Gasoline	▲ 1.7	▼ 1.3	▲ 0.1	9,189.00	▼ 5.3%
Crude	▼ 5.5	▲ 1.0	▼ 7.3		
Refinery Utilization	▼ 0.6% 94.5%	▼ 0.7% 94.4%			

Current NYMEX	CL	HO	RB
	39.15	1.3868	1.3857
	▼ 0.12	▼ 0.0010	▼ 0.0529







[1] http://www.cnbc.com/2015/08/26/saudi-arabia-hangs-on-with-cheap-oil-but-for-how-long.html
[2] http://www.bloomberg.com/news/articles/2015-08-25/blame-oil-glut-on-investors-who-still-love-drilling-over-profits-idryi3h1

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