

, Inc.

Energy Market Update April 10, 2019 NYMEX Prices

	Close	Wk. Change
May Crude Oil	\$64.61	+2.15
May Gasoline	\$2.0692	+.1180
May Heating Oil	\$2.0876	+.0808
May Natural Gas	\$2.070	-.604

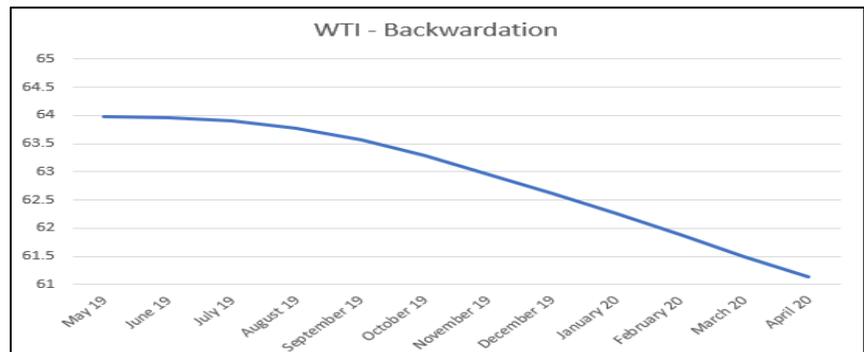
Market Comments:

Energy prices all settled higher this afternoon, with gasoline seeing the largest rally after the EIA report. The report suggested that early April gasoline demand was at its highest level ever to start the month, with gasoline inventories sliding 7.7 million barrels as a result. RBOB futures soared and are were up as high as 7 cents, or 3.5% during the trading day. U.S. government bond yields fell Wednesday following an underwhelming CPI report and cautious signals from central bank officials.

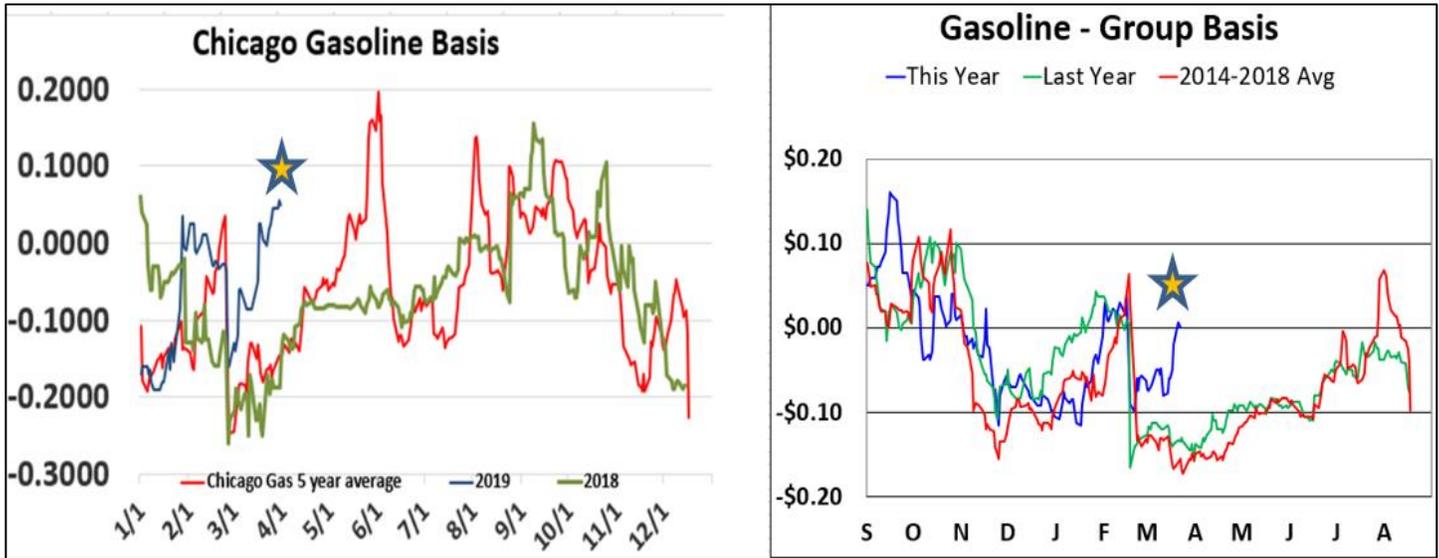
	<u>Crude</u>				<u>Gasoline</u>				<u>Distillate Fuel</u>			
	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>	<u>Change</u>	<u>Total</u>	<u>3Yr Avg.</u>	<u>5 Yr. Avg.</u>
DOE	+7.029	456.6	497	472	-7.710	229.1	240	233	-0.116	128.1	147	136
EST.	+4.500/+0.800				-1.000/-3.600				0.000/-2.500			
Propane	Total 54.4 +1.2				Midwest 9.1 +0.2				Gulf 40.5 +0.8			
API's	Crude +4.100 Cushing -1.300				Gasoline -7.100				Distillates -2.400			

Crude, gasoline and heating oil futures are all trading higher this morning as OPEC's oil production plunged to a four-year low in March. OPECs planned supply cut, combined with continued violence in Libya and the escalating situation in Venezuela have disrupted energy markets. Tight supply has caused both Brent and WTI crude futures prices to flip from normal (contango) into backwardation recently, where nearby prices are higher than more distant futures prices. When markets are in backwardation, we should expect the futures price to rise with respect to the spot price as time decays for a particular futures contract.

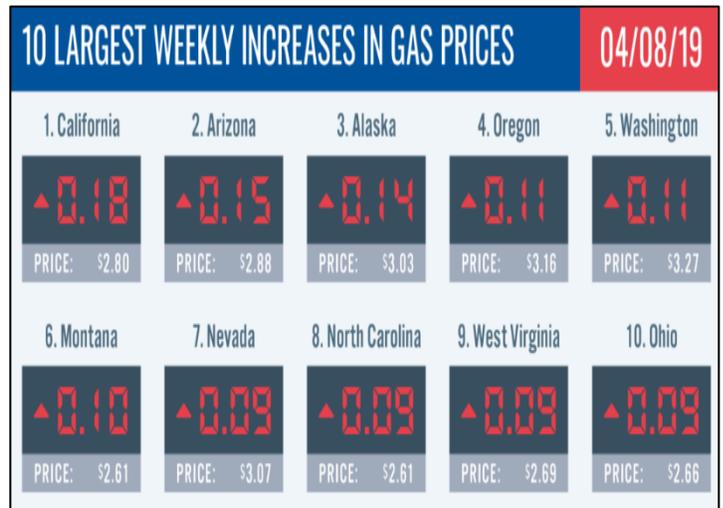
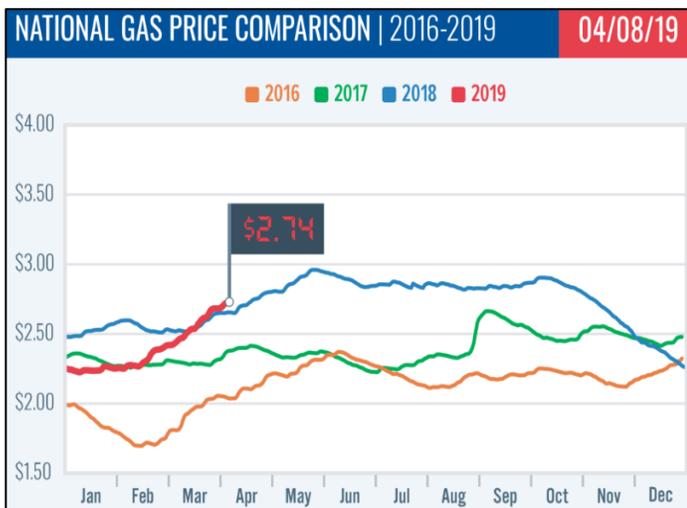
The chart shows WTI futures prices as of this morning. Increased long speculative activity is adding to the backwardation of the market, and the tightening market along with supply risks from Venezuela and Libya should continue to attract additional long positions.



Gasoline basis has been moving higher in both Chicago and Group 3. You can see that this spike loosely follows a seasonal pattern that can vary from region to region depending upon product inventory, refinery outages/maintenance or other localized issues.



The national gas price average was at \$2.74 on Monday, which is an increase of about 5 cents on the week and 8 cents more than last year at this time. If demand holds steady and inventories continue to tighten, motorists will continue to see gas prices increase in every region. Overall refinery utilization is at about 86 percent compared to 93 percent last year at this time, unexpected and planned maintenance continues to be one of the leading factors in why gas prices have continued to trend higher. Ohio, Indiana, and South Dakota saw the largest increase in the Great Lakes and Central states at more than 5 cents on the week.



Russia may want to raise oil output when it meets with OPEC in June because of improving market conditions and failing stockpiles. OPEC and its allies canceled their meeting in April and will now convene on June 25-26 as officials said they needed to see first what new sanctions Washington will impose on Iran in early May.