

, Inc.

Energy Market Update November 28, 2018 NYMEX Prices

	Close	Wk. Change
Jan Crude Oil	\$50.49	-4.14
Jan Gasoline	\$1.3784	-0.1323
Jan Heating Oil	\$1.8352	-0.1350
Jan Natural Gas	\$4.699	+0.248

Market Comments:

Oil, gas and diesel were back and forth most of the day before accelerating lower into the close. Oil continued its run of recent losses after U.S. crude inventories rose for the 10th straight week. The inventory report paired with conflicting news of supply cuts ahead of next week's OPEC meeting kept prices in check for another day. The stock market saw one of its largest daily gains in a few weeks as investors are hoping the Fed will slow its plans for a rate hike.

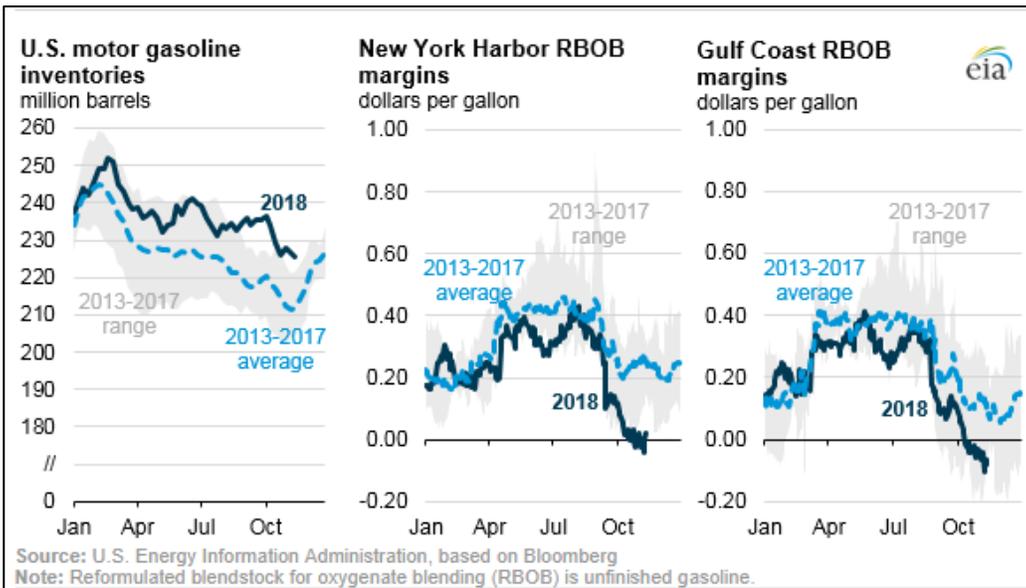
	Crude				Gasoline				Distillate Fuel			
	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.
DOE	+3.6	450.5	453	438	-0.8	224.6	215	214	+2.6	121.8	135	128
EST.	+3.291/-3.200				+2.000/-2.500				+2.300/-2.000			
Propane	Total -0.7 81.1				Midwest -0.6 26.0				Gulf -0.5 43.8			
API's	Crude +3.453 Cushing 1.302				Gasoline -2.620				Distillate +1.185			

Global oil demand concerns over emerging market countries including China are also spurring this massive liquidation phase. Weakening stocks markets in China are also forcing selling in the U.S. due to lack of progress in trade talks between the two countries.



The near breach of \$50 on the WTI crude oil suggests a nearby support level around \$49.25 (small red line). Brent crude fell to a low of \$58.41; underneath \$60 for the first time in more than a year.

The Midwest refinery rate has moved up dramatically to 91.4% compared to last week's 83.9%. Most years the refinery rate drops to its lowest point in October, and this year's heavy turnaround schedule for the Midwest made it no exception.

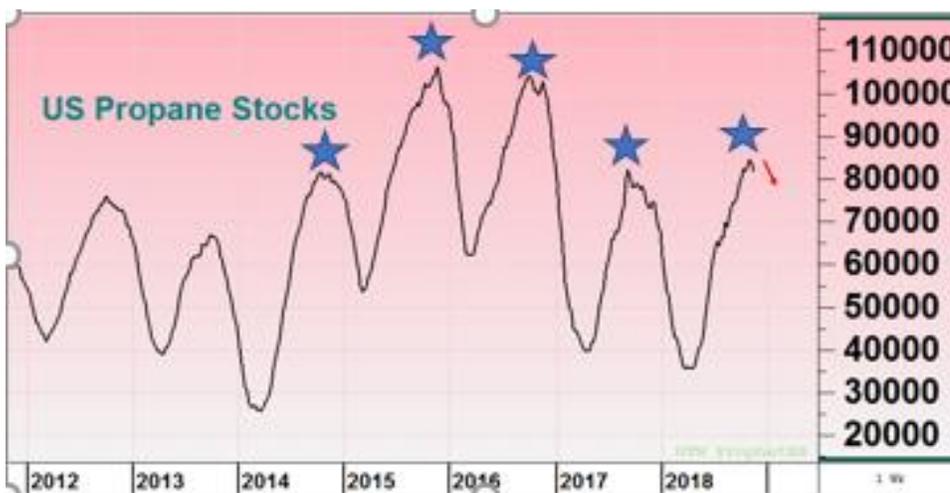
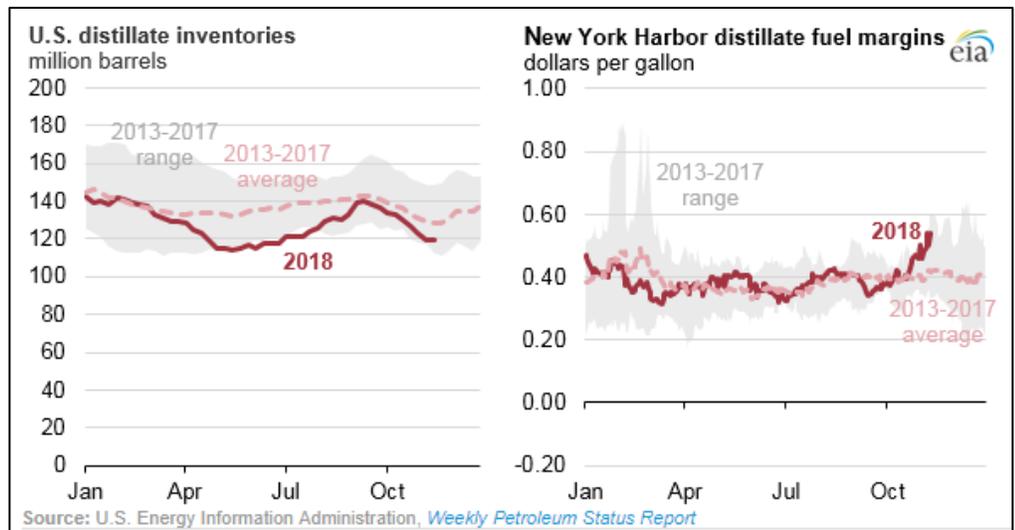


High gasoline inventories, flattening year-over-year growth in gasoline demand, and high levels of refinery output have contributed to low or negative motor gasoline margin for refiners on the East and Gulf Coasts of the United States. Gasoline refining margin is defined as the difference between the spot price of

gasoline and the Brent crude oil spot price. Margins have been on a downward trend since August, and at some of their lowest October and November levels in the past five years. The EIA expects that gasoline refining will remain low during the winter before rebounding and following their normal seasonal patterns heading into the 2019 driving season.

On the other hand, lower than average distillate inventories and strong growth in distillate demand has driven increased distillate prices and refining margins.

This combination of low gasoline and high distillate refining margins may signal a shift by refiners to maximize diesel fuel production instead of gasoline production.



Simply looking at the propane stocks chart it appears as if stocks have likely peaked and supplies will start to decline as we go through the winter months. The most recent DOE report pegged propane stocks at 81.8 million barrels vs. 73.7 million last year and 102.7 million two years ago.