

,Inc.

Energy Market Update February 7, 2018

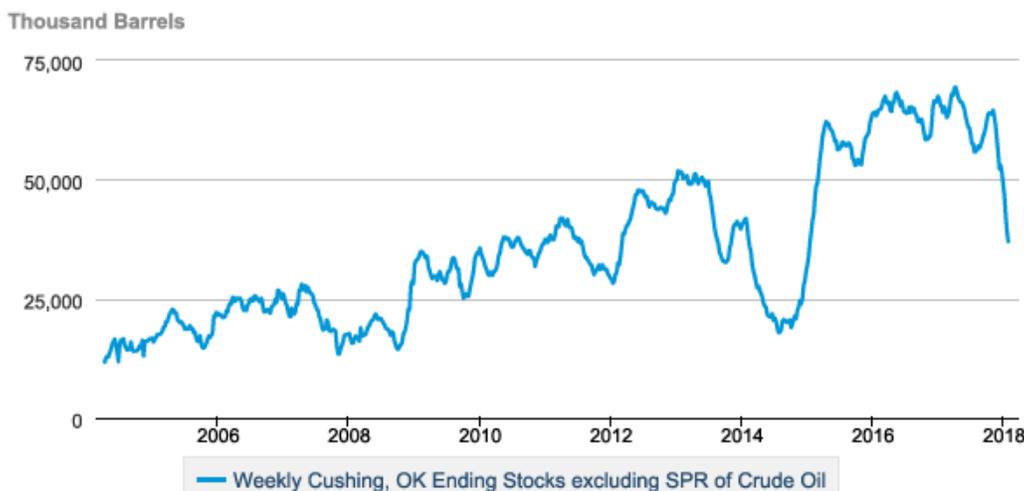
NYMEX Prices

	Close	Wk. Change
March Crude Oil	\$61.79	-2.94
March Gasoline	\$1.7660	-0.1415
March Heating Oil	\$1.9313	-0.1379
March Natural Gas	\$2.699	-0.296

MARKET COMMENTS: The inventory report was bearish for oil and it made some good headway to the downside today. A story came out in late morning that the Forties pipeline system was down due to faulty control valve, but the pipeline owner said they planned to have it restarted overnight. U.S. crude production (on a weekly basis) jumped up to 10.25 million barrels/day which helped shave \$1.60 off the crude prices. U.S. stocks are now right in line with five-year averages, with crude below its five-year by five million barrels. Longs in crude gave up more today than we've seen in about four weeks. It has been a volatile week for the stock market, although today was pretty tame.

	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	+1.895	420.3	420	425	+3.414	245.5	240	242	+3.926	141.8	136	142
EST.	+5.000/+2.500				+4.000/-3.000				+1.200/-3.000			
Propane	Total -4.2 48.9				Midwest -1.9 12.8				Gulf -2.2 30.6			
API's	Crude -1.050 Cushing .633				Gasoline -.227				Distillates +4.552			

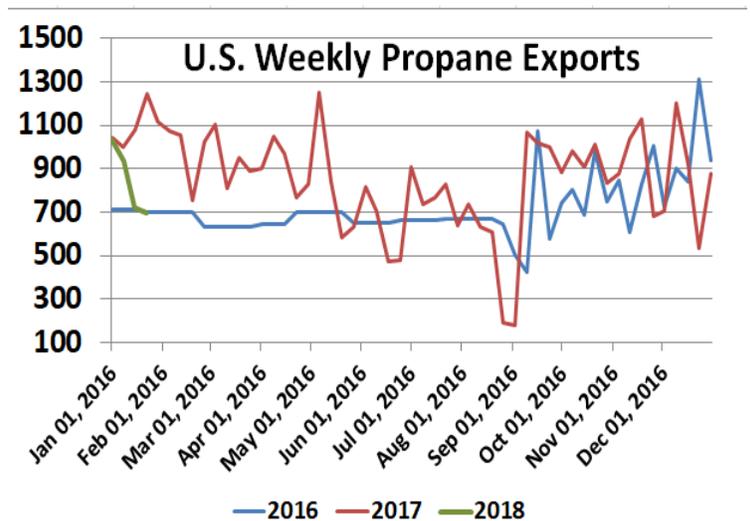
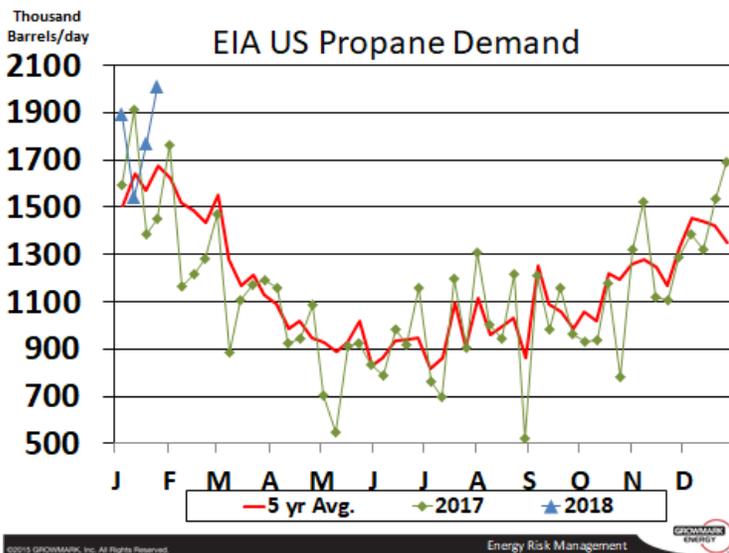
Weekly Cushing, OK Ending Stocks excluding SPR of Crude Oil



Low crude stocks at Cushing, OK (U.S. main storage facility) are part of what is keeping oil prices higher than we would like to see at this time of year. The drain of stocks there has been precipitous since November 2017, causing Cushing to have lower stocks than we have seen for about three years. More crude than ever before is moving from Cushing to the U.S. Gulf. Stocks at Cushing drew

down when the Keystone pipeline, which links Alberta, CA to U.S. refineries, had a leak in South Dakota that took longer to fix than anticipated. At last report, the Keystone was still running at reduced rates.

Earlier this week: Stock markets around the globe felt the effects of the large drop in US stocks, major indexes in Tokyo, London, and Hong Kong took heavy losses after the Dow plummeted 1,175 points, or 4.6% in yesterday's trading. Tuesday was another tough trading session on Wall Street with Dow futures swinging wildly ahead of the open. The primary worry fueling the sell-off was triggered by U.S. jobs data on Friday that showed wage growth is picking up -- which could mean faster inflation. This has investors worried the Federal Reserve will raise interest rates faster than previously expected, when interest rates rise sharply, stocks often fall as a result. New leadership at the Fed is adding a degree of uncertainty. Jerome Powell was sworn in as the 16th chairman of the Federal Reserve on Monday, after the departure of Janet Yellen. The markets do not have a clear understanding of exactly how, if at all, Mr. Powell's views on unemployment and inflation will differ from that of Yellen's.



Domestic propane demand took a huge leap up on today's stats to hit at just over 2 million barrels. Exports stayed around the 700,000 barrel/day mark for the third straight week. In a week-to-week comparison, the U.S. total propane stocks are 12 million barrels behind the five-year average. The Midwest is behind by 4.3 mb, and the Gulf by 6.625 mb.