

,Inc.

## Energy Market Update March 7, 2018

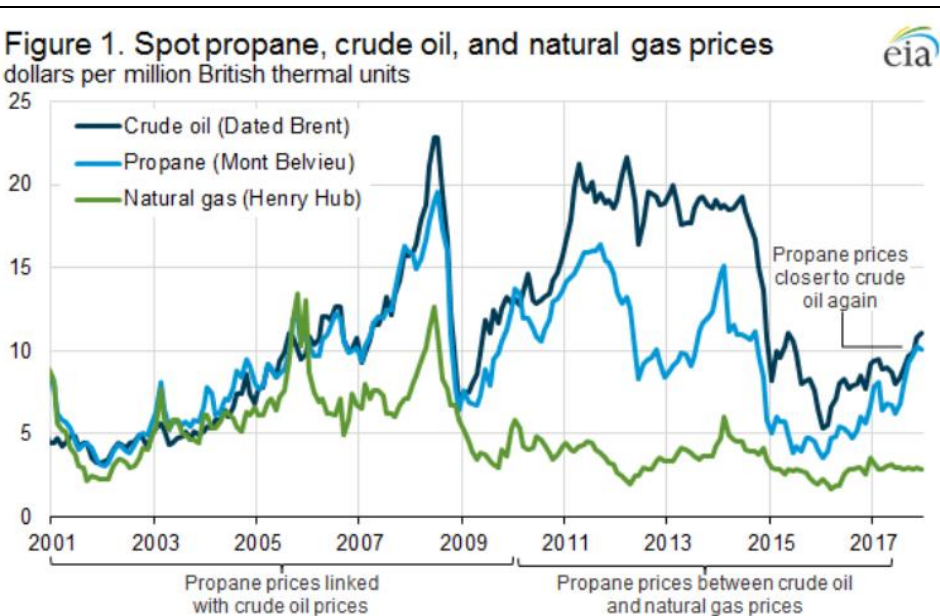
### NYMEX Prices

	Close	Wk. Change
April Crude Oil	\$61.15	-0.49
April Gasoline	\$1.9103	+0.1526
April Heating Oil	\$1.8746	-0.0390
April Natural Gas	\$2.776	+0.109

**MARKET COMMENTS:** Oil is still following the equity market. U.S. crude production was up a nice 86,000 barrels/day last week, for a new total of 10.369 mb/day. Domestic propane demand was still high but exports were down, continuing the bumpy back and forth pattern for propane exports. The dollar managed to stay higher today, but it appears it waiting to see what happens with the tariffs. Diesel in particular has been very range bound this week. Crude oil has not challenged support at \$60 for nearly a month.

	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	+2.408	425.9	442	447	-.788	251.0	241	240	-.559	137.4	134	137
EST.	+4.500/-2.000				+3.700/-2.200				+2.000/-2.500			
Propane	Total 41.1 -1.6				Midwest 9.9 -.3				Gulf 26.5 -1.2			
API's	Crude +5.661 Cushing -.790				Gasoline -4.536				Distillates +1.487			

U.S. propane exports averaged about 905,000 barrels per day in 2017, a level high enough to



balance U.S. propane markets and re-establish the link between U.S. and global propane prices. For several years U.S. propane prices were significantly lower than elsewhere in the world because U.S. propane production has increased significantly, outpacing domestic demand and export capacity. Continuous lower prices in the U.S. encouraged investments to expand the capacity of exports, and eventually leading

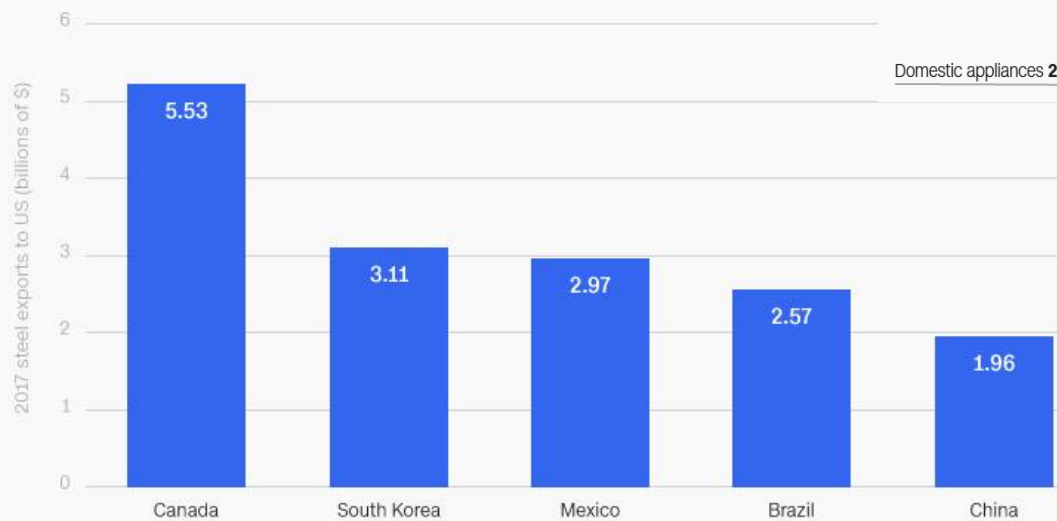
to the re-linkage of U.S. prices with global markets.

The battle over tariffs on aluminum and steel continue following President Trump’s surprise announcement last week. Canada is the largest exporter of steel and aluminum to the U.S., and Prime Minister Trudeau says he finds the proposal to be “absolutely unacceptable.” He is not alone in expressing such thoughts. The potential harm to the oil industry could be both direct (pipeline costs) and indirect (such as retaliation against our exports). Trump cites the reason for the tariff is to protect our national security. Gary Cohn, Trump’s senior economic advisor, is believed to have left the job yesterday because of his disagreement over the tariffs.

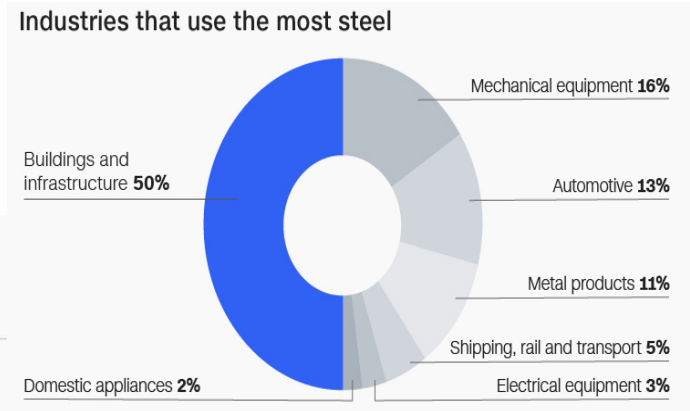
- The U.S. is the largest importer of steel in the world.
- China is the largest producer of steel (49%).
- China is the largest consumer of steel.

Charts from CNN.Money.com

### These are the biggest steel exporters to the US



SOURCE: WOOD MACKENZIE



Orders for Class 8 semi-trucks increased more than 76 percent last month as trucking companies rushed to increase capacity in a tight U.S. freight market, according to FTR. Orders in the United States, Canada, and Mexico hit 40,200 trucks, up from 22,886 in February 2017. This is the second consecutive month that orders exceeded 40,000 units.

**North Korea’s leader, Kim Jong-un, has told South Korea that his country is willing to begin negotiations** with the United States on abandoning its nuclear weapons and that it would suspend all nuclear and missile tests while it is engaged in such talks, South Korean officials said on Tuesday. During a two-day visit to Pyongyang, the North’s capital, the two Koreas also agreed to hold a summit meeting between Mr. Kim and President Moon Jae-in of South Korea on the countries’ border in late April, South Korea said in a statement.

**Members of OPEC are in Houston this week, attending the annual CERAWeek conference, attempting to find common ground with U.S. shale producers.** OPEC Secretary-General Mohammad Barkindo says the group is interested in a dialogue with shale producers; they just won’t talk about production cuts or oil prices.