

,Inc.

## Energy Market Update April 11, 2018 NYMEX Prices

	Close	Wk. Change
May Crude Oil	\$66.82	+2.95
May Gasoline	\$2.0676	+.0908
May Heating Oil	\$2.0927	+.1154
May Natural Gas	\$2.675	-0.043

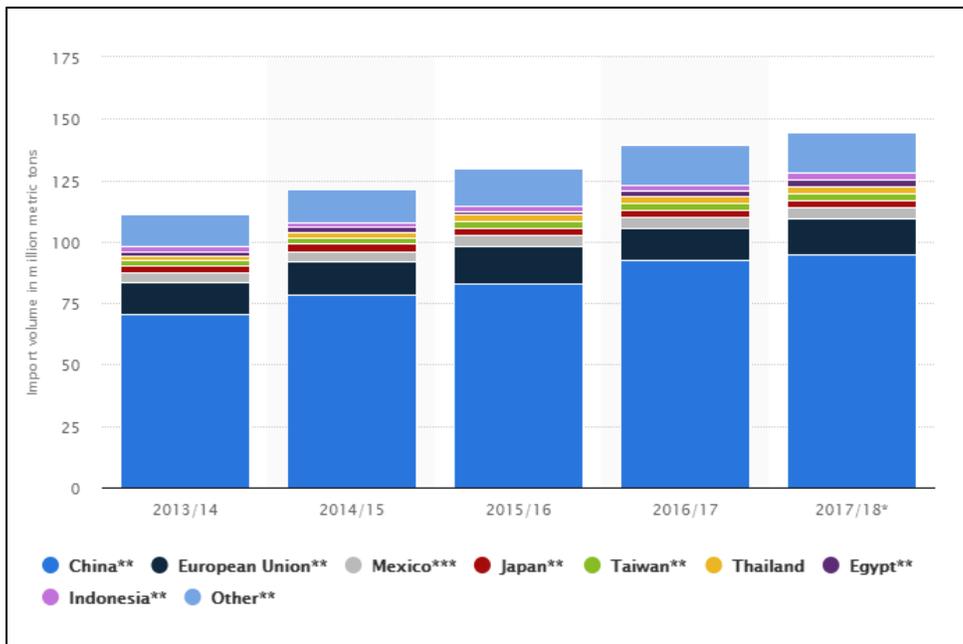
**Market Comments:** Oil prices held near their highest in almost three years on Wednesday, supported by political tension in the Middle East, although evidence of rising U.S. crude supply is acting as a counterbalance. The United States and its allies are considering air strikes against Syrian forces following the suspected poison gas attack last weekend. Syria is not a significant oil producer, but any sign of conflict in the region can trigger concern about potential supply disruptions across the Middle East, which is home to some of the world's largest producers.

	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	+3.3	428.6	465	464	+0.4	238.9	230	229	-1.1	128.4	134	133
EST.	+3.600/-4.503				+1.000/-2.500				+2.985/-2.000			
Propane	Total -0.4 35.8				Midwest -0.2 9.1				Gulf N/C 22.9			
API's	Crude +1.156 Cushing -0.156				Gasoline -1.262				Distillates -4.258			



U.S. producer prices rose more than expected in March, boosted by an increase in the cost of services such as airline fees and healthcare, pointing to a steady buildup of wholesale inflation pressures. The Labor Department said on

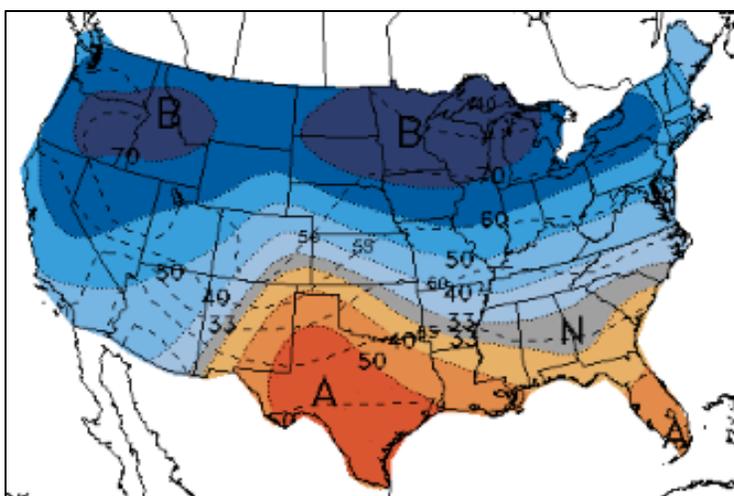
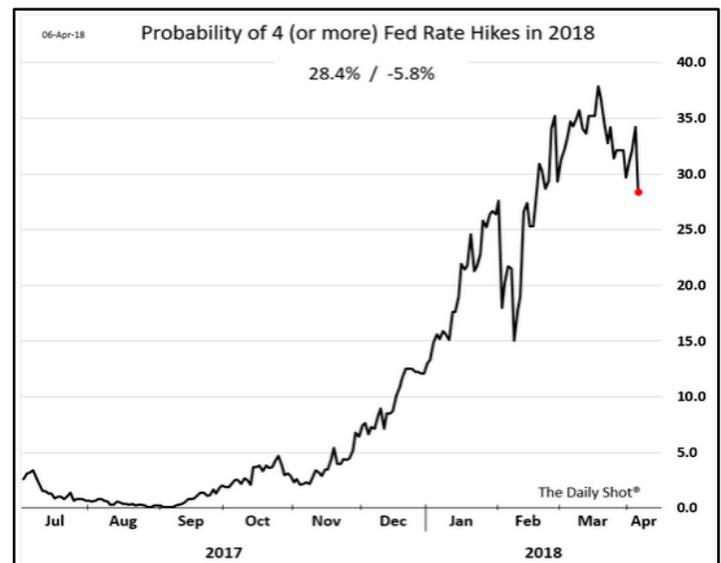
Tuesday its producer price index (PPI) for final demand rose 0.3 percent in March after increasing 0.2 percent in February. The increase in March lifted the year-on-year increase in the PPI to 3.0 percent from 2.8 percent in February. The increase in wholesale prices supports views that inflation will pick up this year. Economists believe that a weak dollar, tightening labor market, fiscal stimulus, and increased government spending will push inflation toward the Federal Reserve's 2 percent target this year.



This chart shows import volume of soybeans worldwide from 2013/14 to 2017/18, by country in million metric tons. From this chart it is easy to see why the soybean market has been extremely volatile following news last week that China issued a \$50 billion list of U.S. goods including soybeans for possible tariff hikes. The company's tax agency gave no date for the 25 percent

increase to take effect and said that will depend on what President Trump does about U.S. plans to raise duties on a similar amount of Chinese goods. China is the world's biggest importer of soybeans and American's largest buyer in trade worth \$14 billion last year.

With a disappointing jobs report last week, the volatility in the equity markets and the continuing worry about trade tensions, the likelihood of four or more rates interest rate hikes took a dip this week. Federal Reserve Chairman Jerome Powell on Friday backed a "patient" approach to raising interest rates. "The FOMC's patient approach has paid dividends and contributed to the strong economy we have today," Powell said. The Fed has hiked interest rates five times since December 2015, including a quarter-point move last month. The central bank has forecasted three rate hikes this year, but leaving the door open on the fourth.



The 8 to 14 weather forecast which is valid through April 22<sup>nd</sup> does not look to encouraging for producers, as the vast majority of the U.S. is expected to stay below normal, as far as temperatures. However, there is always an upside as this will likely extend the propane season. As for precipitation, east of the Mississippi is expected to see above normal rainfall.