

,Inc.

Energy Market Update May 9, 2018

NYMEX Prices

	Close	Wk. Change
June Crude Oil	\$71.15	+3.23
June Gasoline	\$2.1654	+0.0856
June Heating Oil	\$2.2173	+0.0961
June Natural Gas	\$2.739	-0.018

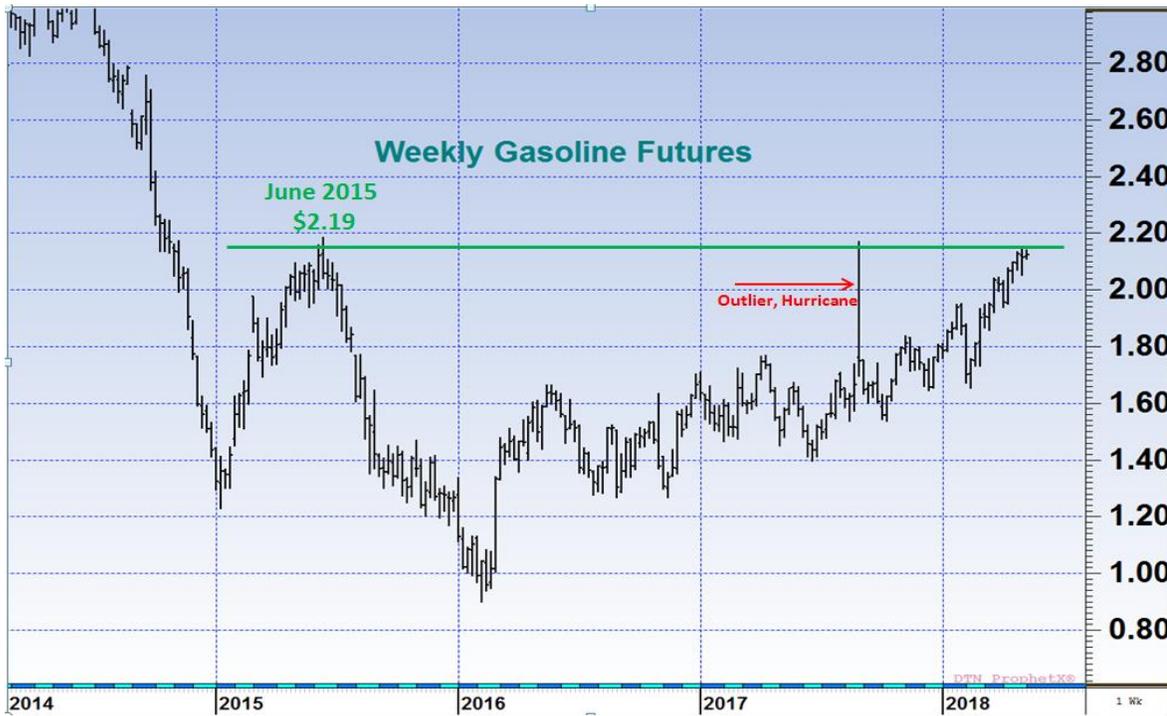
Market Comments: **The energy markets closed strong on Wednesday afternoon. Prices gained additional strength going into the close.** The two central topics were that President Trump announced the U.S. would abandon the Iran nuclear deal and impose sanctions. In addition, all the liquid products had draws. U.S. crude oil stocks declined by 2.2 million barrels from the previous week. However, the propane industry finally experienced a nice build in the DOE report.

	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	-2.197	433.8	476	469	-2.174	235.8	227	228	-3.791	115	134	134
EST.	+3.00/-3.00				+1.500/-1.00				+0.500/-2.500			
Propane	Total +2.3 38.7				Midwest +0.8 10.1				Gulf +1.1 23.8			
API's	Crude -1.85 Cushing +1.653				Gasoline -2.055				Distillates -6.674			

Improved weather conditions throughout the Midwest allowed for aggressive planting progress. According to the USDA, 39 percent of the U.S. corn crop is in the ground vs. 17 percent last week and the five-year average of 44 percent. Soybean plants stands at 15 percent vs. 5 percent last week and the 5 year average of 13 percent.

President Trump announced the U.S. would withdraw from the Iran nuclear agreement on Tuesday, but it is unlikely to have a major impact on global supply, but Iran could pull between 500,000-700,000 barrels per day from the oil export market in the near future.

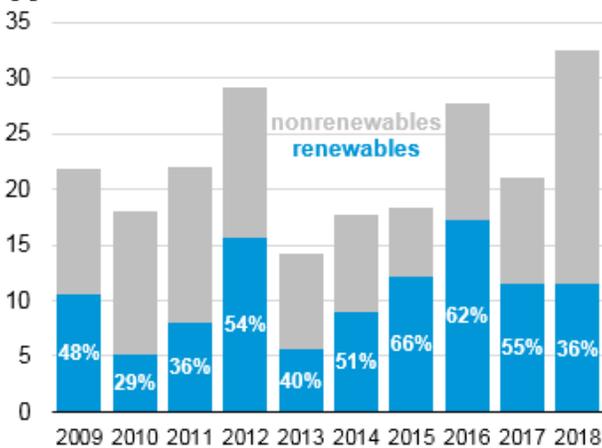
The U.S. looks likely to overtake Saudi Arabia to become the world's biggest oil exporter next year, according to Citigroup Inc. The U.S. is on course to be the top exporter of crude and products in 2019. American exports of crude oil and petroleum products rose to a record 8.3 million barrels a day last week. That compares with top exporter Saudi Arabia's 9.3 million barrels a day in January, and Russia's shipments of 7.4 million barrels a day, the bank said. It should be noted that the Citi projection is for both crude and refined petroleum products, not just crude oil.



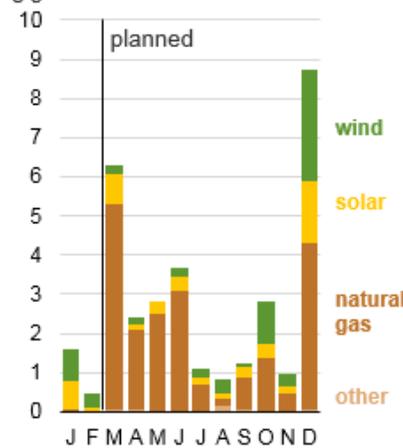
Looking at a continuous gasoline chart you have to go back all the way to June to 2015 to reach price levels near where we are currently trading. You have to disregard the spike in August 2017, as it was an outlier from the Hurricane. Certainly if prices

would close over the \$2.19 resistance it would open the door towards additional upside momentum. The recent positive momentum in the market can be linked to supplies of gasoline in the U.S. which are running below where we were at this time last year, but still well above the 5 year average.

Utility-scale capacity additions, 2009-2018 gigawatts



2018 monthly additions gigawatts



EIA expects nearly 32 gigawatts (GW) of new electric generating capacity will come online in the U.S. in 2018, more than in any year over the past decade. Although renewables such as wind and solar accounted for 98% of the 2 GW added so far this year, EIA expects about 21 GW of

natural gas fired generators will come online in 2018. If these generators come online based on their reported timelines, 2018 will be the first year since 2013 in which renewables did not make up a majority of added capacity.