

Gold Star FS, Inc.

Energy Market Update January 9, 2019

NYMEX Prices

	Close	Wk. Change
Feb Crude Oil	\$52.36	+5.82
Feb Gasoline	\$1.4254	+0.0998
Feb Heating Oil	\$1.8808	+0.1802
Feb Natural Gas	\$2.984	+0.026

Market Comments: Energy markets settled higher on Wednesday.

Energy prices soared 4% today due to OPEC production cuts and renewed optimism on trade discussions between the U.S. and China. Today marks the ninth time in ten sessions where WTI crude settled higher. Not even an extremely bearish inventory report could keep prices from surging. U.S. gasoline inventories rose by 8.1 million barrels, while distillate stocks jumped by 10.6 million barrels. Crude oil stockpiles saw a small draw of 1.7 million barrels.

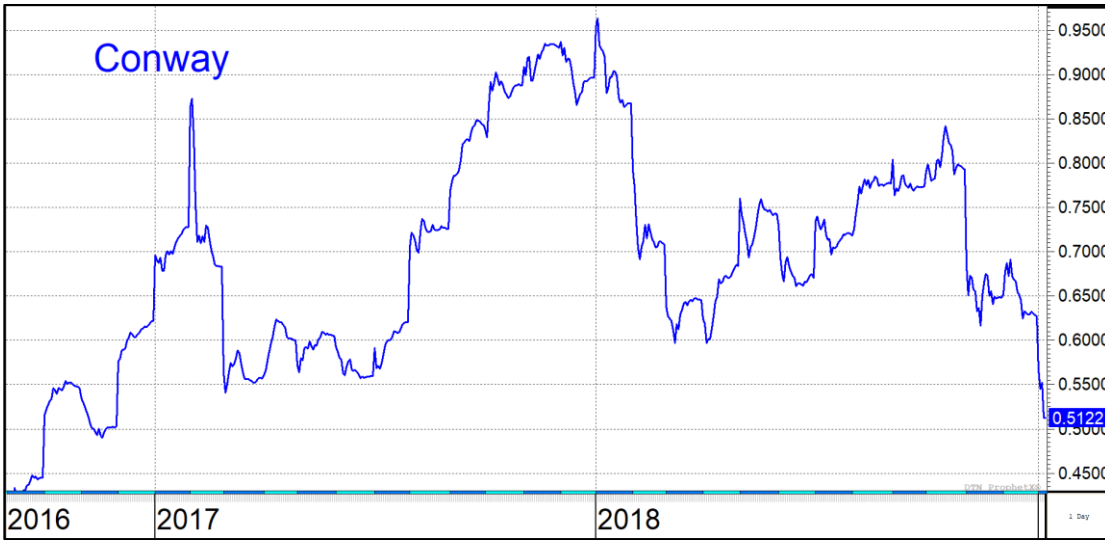
	Crude				Gasoline				Distillate Fuel			
	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.
DOE	-1.70	439.7	453	429	+8.10	248.1	232	232	+10.6	140.0	143	137
EST.	+3.00/-4.50				+5.00/-2.00				+5.50/-2.00			
Propane	Total -2.0 68.7				Midwest -0.6 20.4				Gulf -1.0 39.5			
API's	Crude -6.1 Cushing +0.3				Gasoline +5.5				Distillate +10.2			

Energies are trading higher again this morning on trade talk optimism between the U.S. and China. Crude oil has been trending higher since touching a low of \$42.36 on December 24, 2018, and is now up 20%.

However, current prices still present a

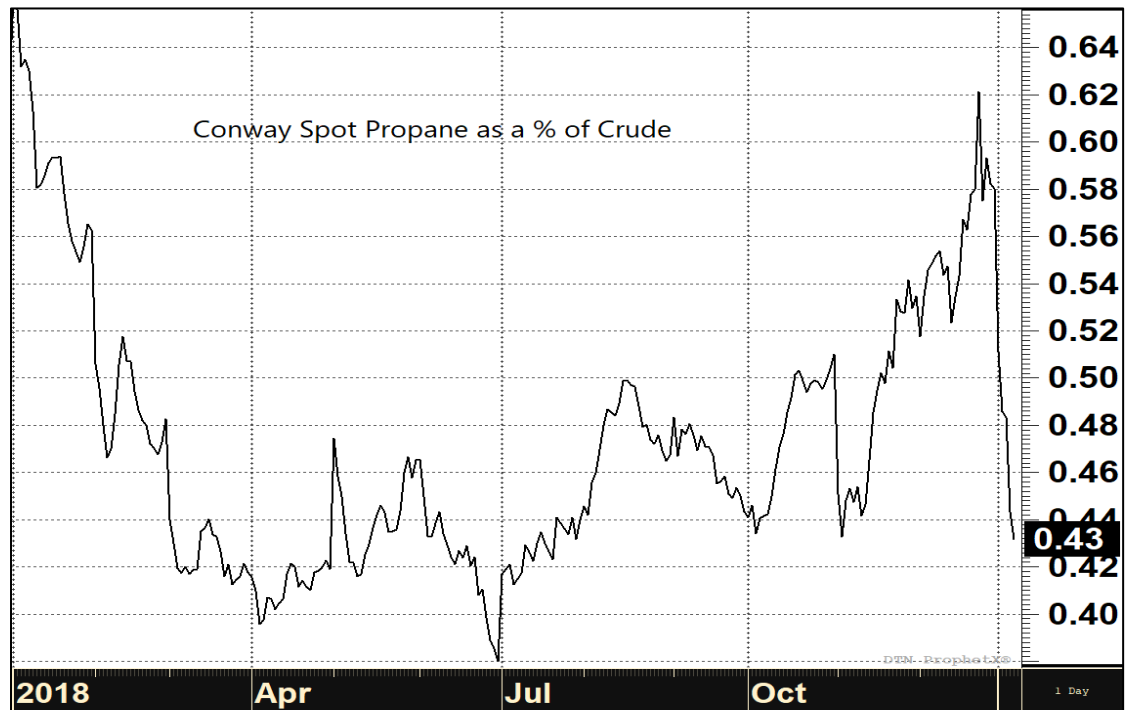
great buying opportunity as crude is down 33% from the October 3 high of \$76.90.





Bargain propane prices that were available at the end of 2018 have continued to 2019. The Conway spot propane price was at .5122 yesterday afternoon, which is the lowest price we have seen since October of 2016.

Another indicator that confirms the great price point is the percent of propane to crude. As the chart to the right shows, Conway spot propane as a percent to crude topped out at 62% on December 24, which coincidentally was the current low for crude. The percent was down to 43% as of yesterday afternoon.



Chicago diesel rack basis has been declining sharply since early November. Current basis levels are the lowest they have been over the past three years. The softer basis and futures market has made for some attractive prices. Typically after the winter months basis starts to move back to the upside.