

,Inc.

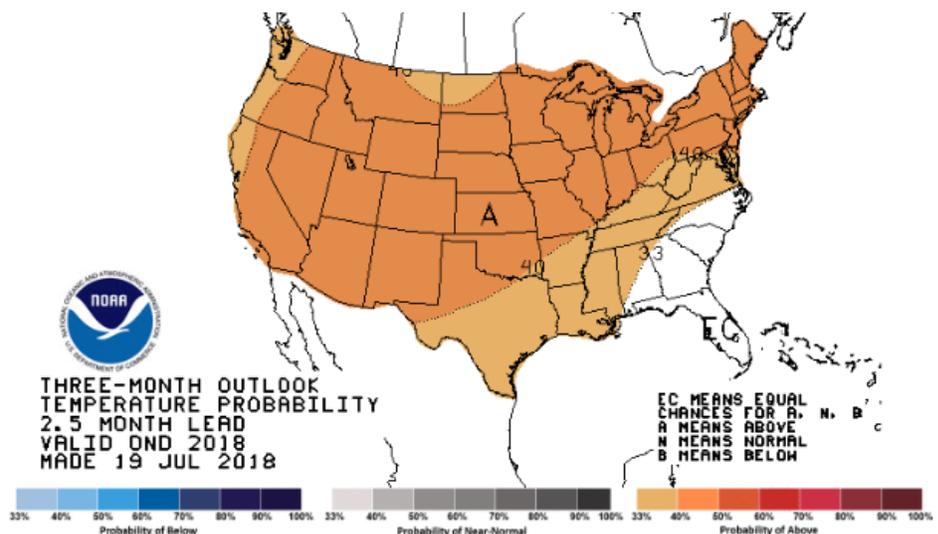
## Energy Market Update August 1, 2018 NYMEX Prices

	Close	Wk. Change
Sept Crude Oil	\$67.66	-1.64
Sept Gasoline	\$2.0451	-0.0780
Sept Heating Oil	\$2.0974	+0.0083
Sept Natural Gas	\$2.845	+0.070

**Market Comments:** Feds left interest rate unchanged with worries that the trade dispute with China will take its toll on the economy. Talks with China have made little progress, and some companies (such as Whirlpool) say that they are already feeling the pinch of the tariffs. Trump is expected to announce today that the next round of tariffs against China (which will include all energy products) will be assessed at a 25% rate rather than the 10% that was initially discussed. The market seems to have relaxed somewhat with news that OPEC and Russia both increased production in July. It has been a volatile week with hot spots all over the Middle East, harsh rhetoric between Iran and the US, and reports that North Korea is pressing on with ballistic missiles.

	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	+3.803	408.7	449	439	-2.536	231.0	225	225	+2.983	124.2	134	117
EST.	+2.000/-3.500				-1.000/-3.000				+1.000/-2.000			
Propane	Total 66.3 +1.8				Midwest 22.9 +1.5				Gulf 34.8 +.1			
API's	Crude +5.59 Cushing -.930				Gasoline -.791				Distillates +2.89			

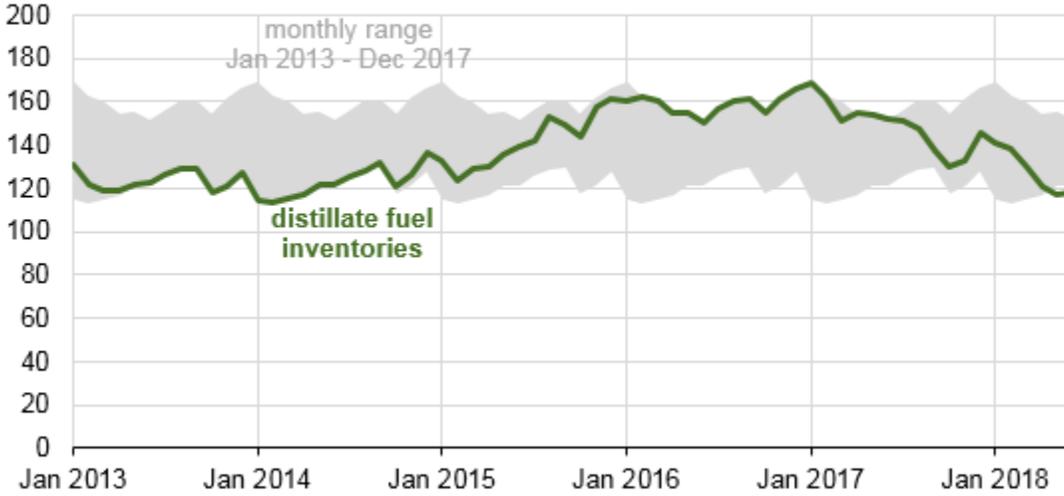
**Early Winter Forecast**  
NOAA says the upcoming winter forecast is likely to be influenced heavily by El Nino, which is the “warmer” phase of the weather cycle. Early forecasts are calling for a 70% chance of a warmer than average winter across the U.S.



The weekly crop progress reported pegged 72 percent of the U.S. corn crop in good to excellent condition, unchanged from last week. As for soybeans, 70 percent of the crop was in the top category, unchanged from last week.

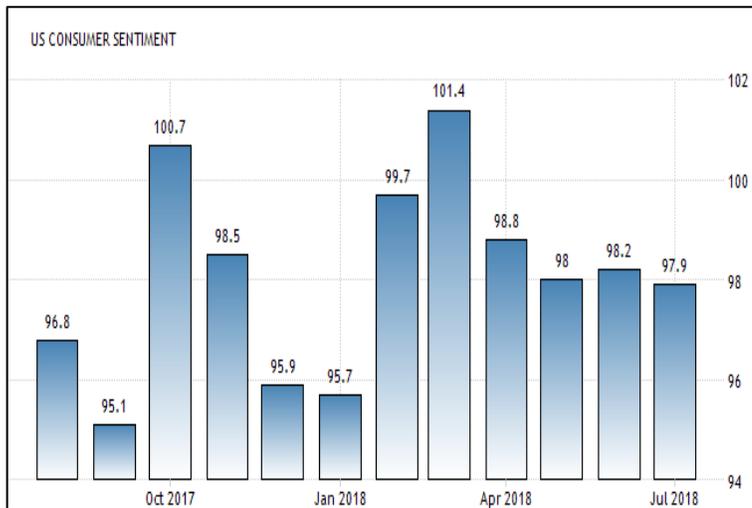
**U.S. end-of-month distillate inventories (January 2013 - June 2018)**

million barrels



**U.S. distillate inventories at the end of June were pegged at 117.7 million barrels, which is the lowest level since 2004. Relatively low inventory levels reflect growth in distillate consumption during 2018 that has not**

been fully offset by increased domestic refinery production or by lower net exports of distillates. EIA estimates that U.S. consumption of distillate fuel averaged 4.12 million barrels per day during the first half of 2018, which was 190,000 barrels per day (5%) higher than in the same period of 2017. The increase in demand is largely attributed to an increase in trucking activity, which is leading use of diesel fuel.



U.S. consumer sentiment slipped in July, pressured by rising fears over the impacted of escalating tariffs. Sentiment among consumers dropped to 97.9 in July from 98.2 in June, according to the University of Michigan’s monthly survey. The decline is most likely the result from fears over the impact of tariffs on the domestic economy. Excluding the marginal gain in June, the index has fallen off since March when it reached its highest level since 2004 with a reading of 101.4.

Gross domestic product grew at a solid 4.1 percent in the second quarter, its fastest growth rate since the third quarter of 2014. This hopefully signals that the economy is ready to break out of its decade-long slumber. The growth rate was boosted by a surge in consumer spending and business investment. In addition, increases in exports and government spending also helped. The administration used a mix of tax cuts, deregulation and spending increases to improve growth.

