

Prairieland FS, Inc.

Energy Market Update August 23, 2017

NYMEX Prices

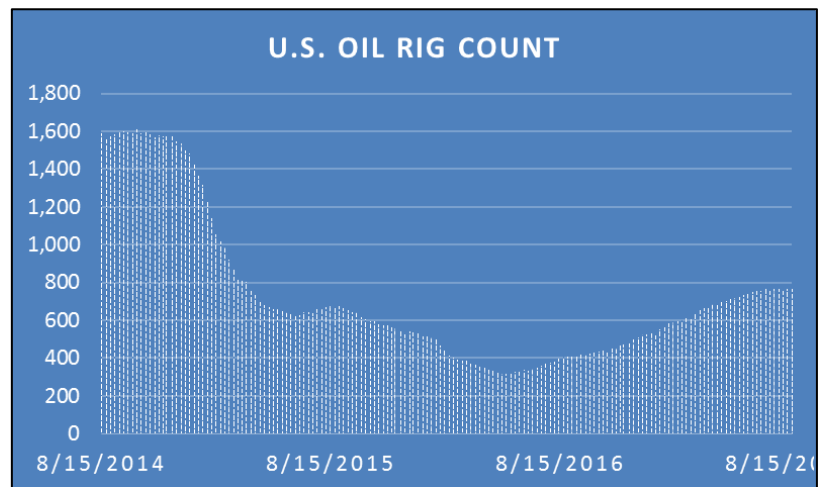
	Close	Wk. Change
September Crude Oil	\$48.40	+\$1.62
September Gasoline	\$1.6179	+\$0.0548
September Heating Oil	\$1.6252	+\$0.0508
September Natural Gas	\$2.926	+\$0.035

MARKET COMMENTS: **The energy markets wrapped up firm on Wednesday afternoon.** The energy markets gained upside strength after the release of the weekly DOE report. Both the crude oil and gasoline numbers posted a draw and distilled posted a smaller build than was anticipated. In addition, the bullish momentum could be contributed to the development of tropical storm Harvey, as it has the potential to affect the Houston area, home to several oil refineries.

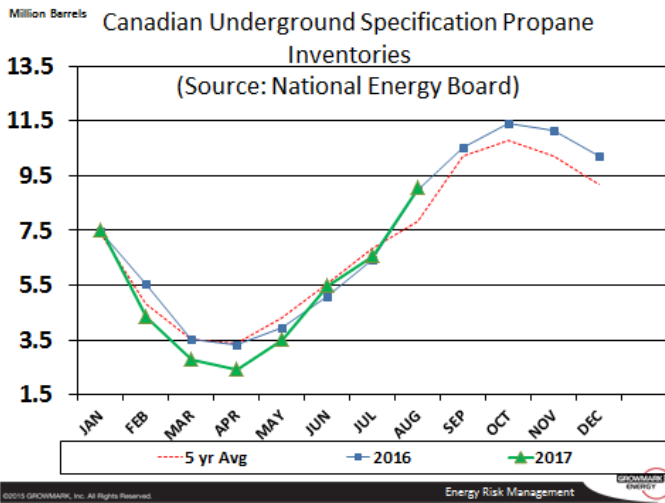
	Crude				Gasoline				Distillate Fuel			
	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.
DOE	-3.327	463.2	447	412	-1.223	229.9	219	216	+0.028	148.4	141	136
EST.	-1.500/-3.800				+2.451/-2.000				+1.500/-2.000			
Propane	Total 72.2 3.0				Midwest 22.9 +.6				Gulf 40.2 +2.0			
API's	Crude -3.595 Cushing -.462				Gasoline +1.402				Distillates +2.408			

The weekly crop progress reported indicated 62 percent of the U.S. corn crop was in good to excellent condition, unchanged from the previous week. However, in Illinois the corn crop went from 62 percent good to excellent to 54 percent this week. Soybean crop was pegged at 60 percent good to excellent vs. 59 percent last year.

U.S oil companies idled five rigs last week, active oil rigs in the U.S. now stands at 763, that's 357 above this time last year. The rise in the number of active rigs in the U.S. has slowed in recent weeks, with the 5-week average gain for U.S. oil rig count falling into negative territory. Despite the falling average weekly gain in active oil rigs, U.S. crude oil production continues to increase, with average production averaging 9.502 million barrels per day for the week ending August 11.

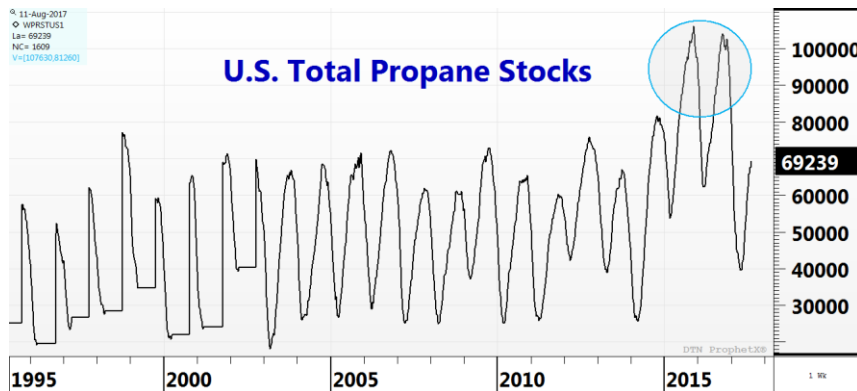
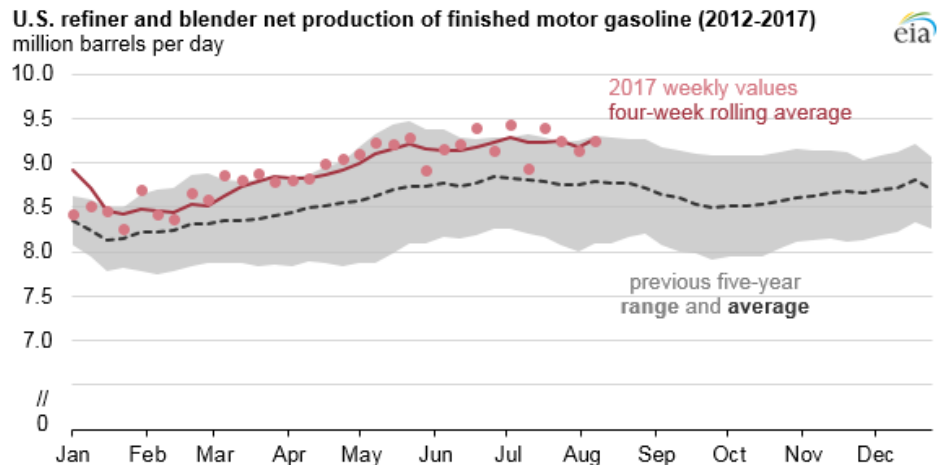


News out of Libya this weekend is putting a floor on prices, where Libya's Sharara oilfield, the country's largest, has been shut down since Saturday because of a forced blockade by a local armed militia group, Reuters news agency said. State-owned National Oil Corporation declared force majeure on loadings of Sharara crude from a coastal export terminal on Sunday. Sharara had been producing up to 280,000 barrels per day in recent weeks. The field has experienced several temporary shutdowns because of protests by armed groups and oil workers since it reopened last December after a two-year pipeline blockade. Reportedly, Sharara was able to reopen today.



Propane supplies in Canada seem plentiful this year, matching last year when they were also over the five-year average. Stocks in western Canada are significantly over last year, but they remain lower in eastern Canada. The U.S. receives both pipeline barrels and railed barrels from our neighbor. Arbitrage economics to bring Canadian propane to the U.S. is favorable right now, but sellers are holding out, hoping they can get a significantly higher price when cold weather comes. Canada provides the U.S. with most of its imported propane.

Gasoline production by U.S. refiners and blenders has run near record levels over the first seven months of 2017, with four week rolling average production well above its five year average and close to the top of its five year range. U.S. gasoline inventories also remain relatively high despite growing domestic and foreign demand.



This chart of total propane stocks is a great visual of where propane stocks were in 2015 and 2016 at their peaks. The U.S. really pumped up exports during those years due to the high stocks. Export facilities were built, and now capacity is more than we are presently able to utilize. No wonder propane prices were relatively cheap during that time period.