

AGRILAND FS, Inc.

Energy Market Update November 8, 2017

NYMEX Prices

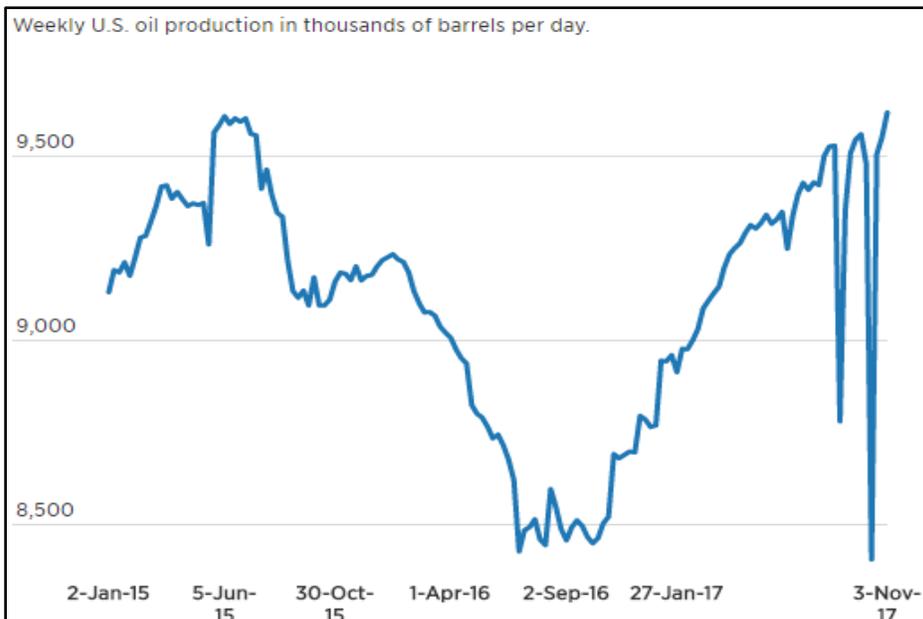
	Close	Wk. Change
December Crude Oil	\$56.81	+\$2.51
December Gasoline	\$1.8213	+\$0.0893
December Heating Oil	\$1.9216	+\$0.0591
December Natural Gas	\$3.175	+\$0.272

MARKET COMMENTS:

The energy complex finished today's session mostly lower after a surprise build in nationwide crude stocks; gasoline futures mustered some small gains, and diesel futures finished lower. Propane trading was extremely volatile today, after starting the morning sharply lower on reports of a reduction in exports, then quickly recovered after the DOE report showed a sizeable draw in inventory and strong domestic demand (see chart below).

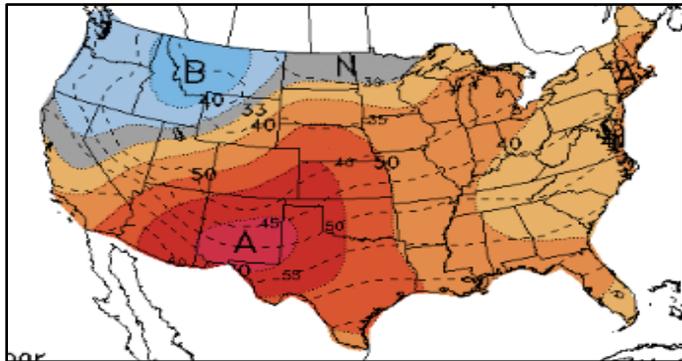
	Crude				Gasoline				Distillate Fuel			
	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.
DOE	+1.6	457.1	443	417	-3.3	209.5	216	212	-3.4	125.6	128	131
EST.	+1.500/-5.00				+0.00/-3.400				+0.700/-2.985			
Propane	Total 77.2 -1.1				Midwest 26.6 -1.0				Gulf 40.4 N/C			
API's	Crude -1.562 Cushing +0.812				Gasoline +0.520				Distillates -3.133			

Recent government data shows U.S. crude oil production hit an all-time high last week indicating another sign of the resilience of American shale drillers. The United States



produced 9.62 million barrels of oil per day which slightly topped the high that was reached in June 2015 before the price crash triggered a yearlong decline which dropped production output to about 4.8 million barrels per day. Shale drilling in the U.S. continues to frustrate major oil producing nations who are trying to reduce global crude stockpiles and raise prices. OPEC and other exporters are trying to keep about 1.8 million barrels per day out of the market in order to reduce the oversupply of crude oil.

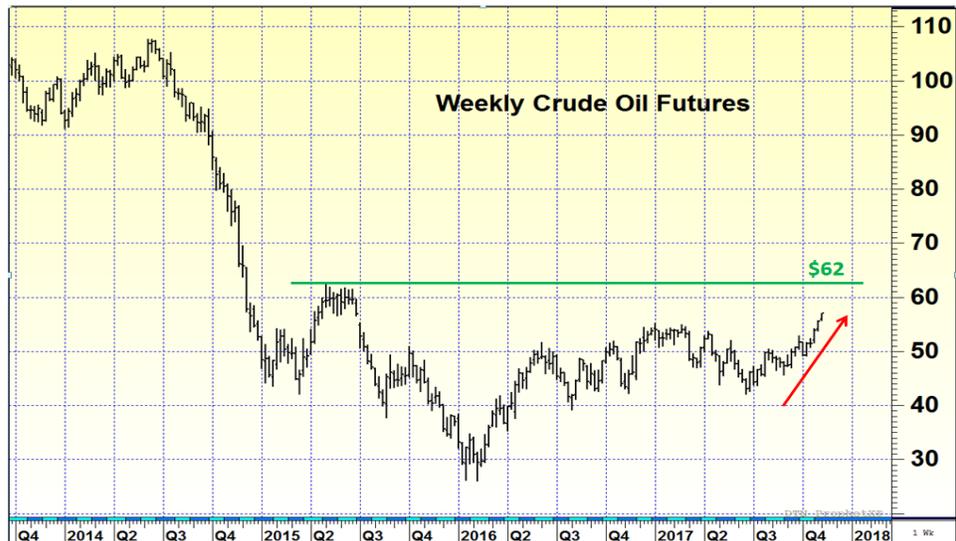
Orders for heavy-duty commercial trucks in North America soared in October, reaching the highest level in nearly three years as carriers stepped up plans to upgrade or expand their fleets. Trucking companies last month ordered 36,200 Class 8 trucks, the big rigs that haul much of the nation's freight, according to a preliminary report from ACT Research. That was up 60.4% from September, and a 160% gain from a year ago.



The current 7 to 10-day weather forecast, which is valid through November 19th, is calling for well above normal temperatures throughout much of the U.S. The only portion of the U.S. which appears to be cooler is in the northwest; as a result propane demand will likely be hampered.

In mid-June the crude oil market began shifting into an upward trend and this has been accelerated in recent months.

The next upside resistance level comes in at \$62, which was the high back in June of 2015. Certainly some of the surge in prices can be contributed to the decline in U.S. stocks of crude oil.



The dollar is trading in a higher range, nearing its best level in four months. The U.S. currency has been spurred by positive economic data and expectations of tax reform.

While investors are still uncertain whether Republicans in Congress can pass a tax overhaul plan, there is still confidence that the Federal Reserve will be raising rates during the next year. In fact, JPMorgan Chase & Co. last week raised its call for Fed rate increases in 2018 to four increases from three. As a reminder, the dollar is the reference currency for the energy complex, the commodity price tends to fall when the dollar strengthens, creating an inverse relationship.

