

Agriland FS, Inc.

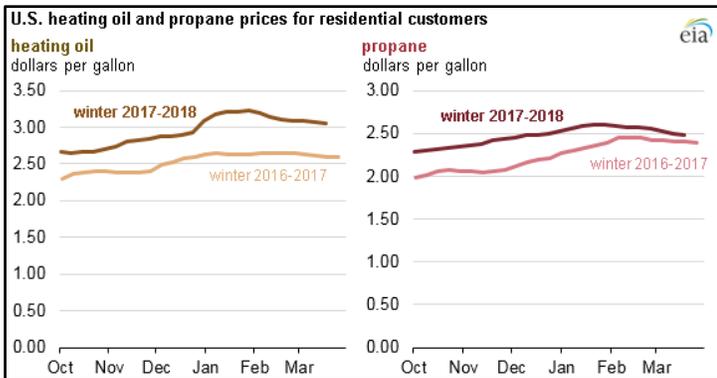
Energy Market Update March 28, 2018

NYMEX Prices

	Close	Wk. Change
May Crude Oil	\$64.38	-0.7900
April Gasoline	\$2.0116	-0.0006
April Heating Oil	\$2.0148	+0.0111
April Natural Gas	\$2.698	+0.053

MARKET COMMENTS: Oil prices extended losses on Wednesday after data showed U.S. crude stocks rose unexpectedly last week, while gasoline and distillate inventories fell more than expected. U.S. crude production also inched up last week to a record high 10.43 million barrels per day. Production output has risen roughly 25 percent in the last two years to over 10 million bpd, pushing the U.S. past top exporter Saudi Arabia. This puts the U.S. within reach of the biggest producer, Russia, which pumps around 11 million bpd.

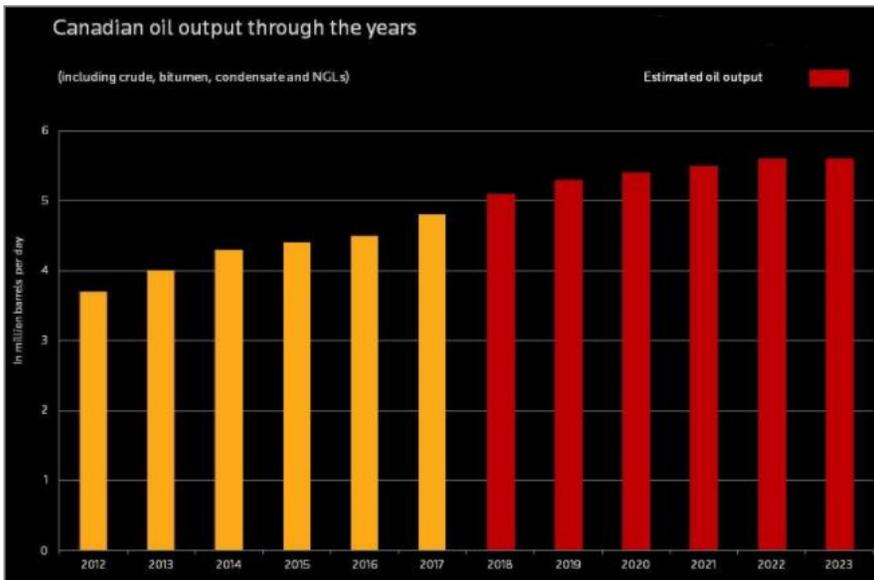
	Crude				Gasoline				Distillate Fuel			
	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.	Change	Total	3Yr Avg.	5 Yr. Avg.
DOE	+1.6	429.9	461	460	-3.5	239.6	234	232	-2	129	134	134
EST.	+3.500/-3.091				+0.400/-3.966				-1.000/-3.555			
Propane	Total -1.2 35.6				Midwest -0.5 9.40				Gulf -0.2 22.2			
API's	Crude +5.321 Cushing +1.655				Gasoline -5.799				Distillates -2.238			



These charts show the comparison of residential heating prices over the last two years. As expected, residential heating oil and propane prices have been higher this winter than last winter. U.S. average heating oil and propane prices this season were 17% and 11% higher, respectively, because of slightly higher crude oil prices, colder winter temperatures, and lower fuel inventories than last winter.

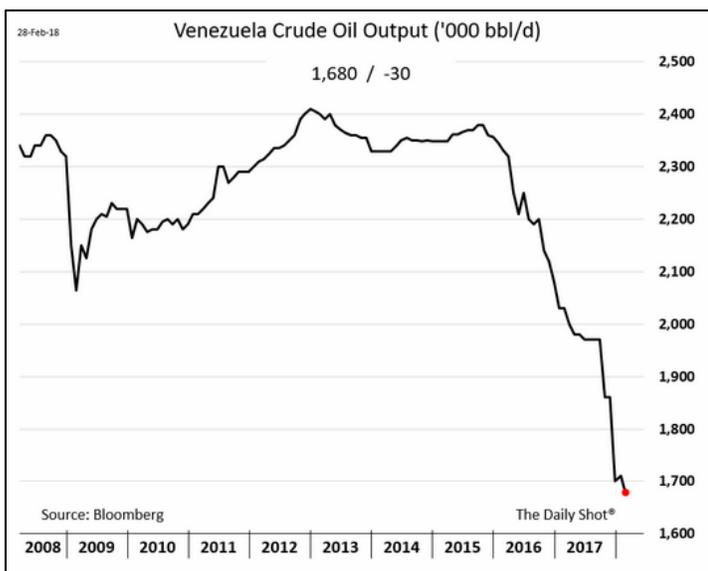
U.S. propane exports peaked out in mid-December and since that point in time have traced out an overall downward trend. Exporting propane is not as financially attractive as it was back at the end of last year. If export demand would remain “softer” during the summer months it would help to build U.S. inventories before going into the next cold season.





Railway operators in Canada are seeing a lucrative opportunity to transport more crude oil to the United States as a rise in oil output forces producers to find new routes to the U.S. Canada ships about 95 percent of its oil by pipelines, which are currently full. The 20 percent rise in crude production in the past five years has increased pressure to come up with new ways to haul the commodity, with rail being the second cheapest alternative. Canadian Pacific

is expected to see a 60 percent rise in the volumes of crude it ships this year, but the company and its rival Canadian National Railway are being cautious about this. With Oil prices volatile and three pipeline expansions coming on line at the end of the decade, railways worry that any investment will be at risk and could undercut the money they generate from hauling grains.



Venezuela's crude in a death spiral? Decades of neglect and mismanagement have caught up to Venezuela's production output the last few years. It takes diluents to blend with their heavy oil to make it marketable. The diluents are imports and hard to come by for a country who struggles to pay its bills. The lack of enough diluents is causing quality problems or customers who decide to discontinue their purchases. The deteriorating conditions there are forcing Venezuelans to flee to Colombia and Brazil. Venezuela's economy has contracted by 9% in large part from the deterioration in the oil industry. The reduction

in supply from Venezuela has made up for additional production out of Nigeria and Libya.

Consumer confidence fell slightly in March, but remained near an 18-year high. The consumer confidence index dropped to 127.7 this month from a revised 130 in February, according to the Conference Board. It appears Americans were a bit less optimistic about current business conditions and the stock market after the recent Wall Street sell off.

