

AGRILAND FS, Inc.

Energy Market Update May3, 2017

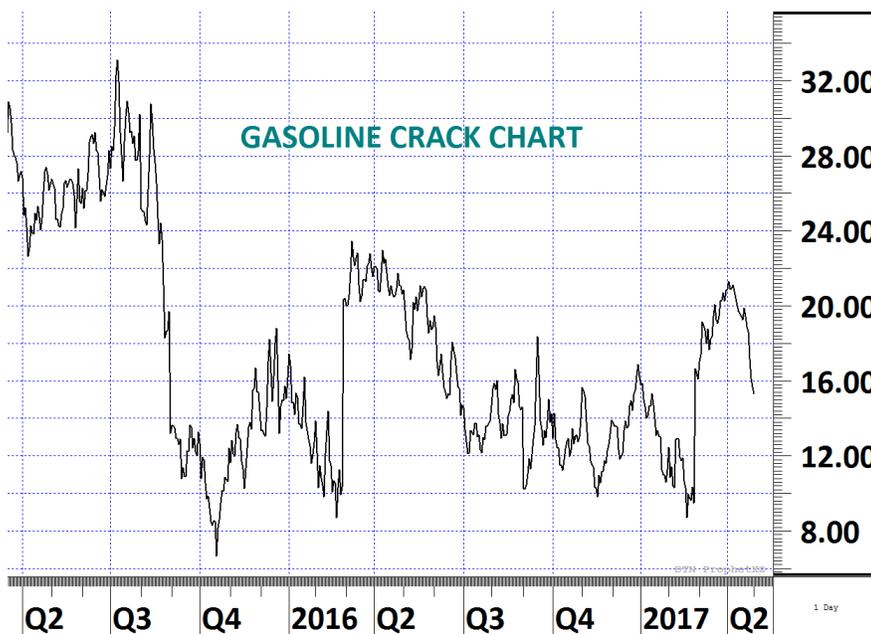
NYMEX Prices

Close Wk. Change

	Close	Wk. Change
June Crude Oil	\$49.62	-\$1.80
June Gasoline	\$1.5903	-\$0.0565
June Heating Oil	\$1.5367	-\$0.0631
June Natural Gas	\$3.1420	-\$0.076

Market Comments: Two levees burst in eastern Missouri and northeast Arkansas, shutting down a vital stretch of the Mississippi near St. Louis. The Fed's ended their two-day meeting with no rate change- as was widely expected. The Fed's are still optimistic about the economy despite some negative reports lately, but will hold off on further interest rate until perhaps June. Oil bounced off the bottom today following a mixed session. The bearish expectations for the DOE inventory report today did not materialize.

	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	-0.93	527.8	477	440	+1.191	241.2	226	221	-0.562	150.4	134	128
EST.	-5.000 / -1.000				-1.000 / +5.412				-.800/+3.695			
Propane	Total 39.7 unchgd				Midwest 11.8 -0.1				Gulf 23.7 +0.1			
API's	Crude -4.2 Cushing -0.215				Gasoline -1.93				Distillates -0.436			



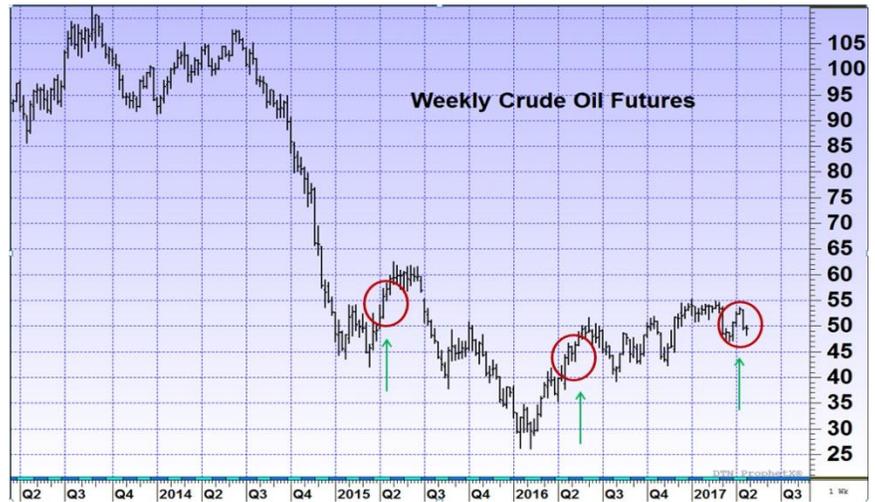
The gasoline crack (refining margin) has fallen quite a bit since the first of April, but it looks like it has further to fall before refiners would be encouraged to start cutting production. Soon the U.S. will be in heavy driving season, and although demand has risen fairly dramatically since its typical low spot at the beginning of the year, it is lower than last year at this time. Oil rigs have been on the rise, and production from the lower 48 states has increased slowly but steadily. Gasoline stocks are at the high end

of our five-year range.

Over the previous few weeks the crude oil market has traced out a nice dip in prices. The next significant downside support in the market comes in at the \$47 region.

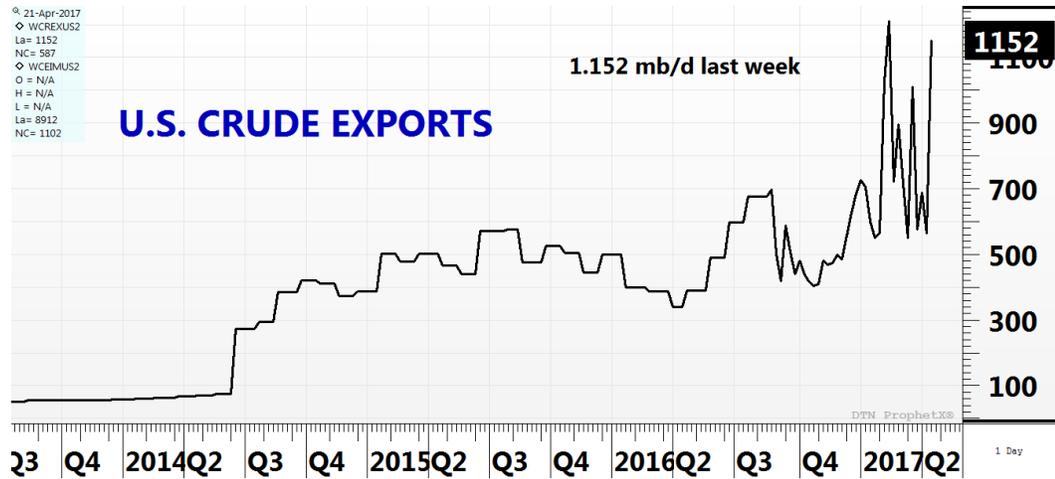
Looking back at the previous two year prices we are pretty much in line with past performance. It appears as if in both 2015 and 2016 price continued to rally into early May and then drifted lower.

Even though crude and refined products closed a little higher today, our low was \$47.30 on the crude.



Crude exports from the U.S. have been increasing lately, as they likely are taking some share from OPEC.

Crude exports out of the North Sea have also been on the upswing, and gotten more competitive. Crude exports fell to 764,000 barrels per day on today's report, and imports were down also.



It is interesting to look at U.S. crude imports over the long term using a monthly chart. Back in the 80's U.S. oil demand was moving up and our production was down, so imports increased to help us meet our domestic need.

Then in the 2000's as U.S. production moved up via the shale plays, imports moved lower. However, in the last several months imports have increased once again as Saudi Arabia has sought to

“rid the globe” of excess crude stocks by offloading them to the U.S. One reason is because the U.S. has been one of the few places that actually has some room for additional crude stocks.

