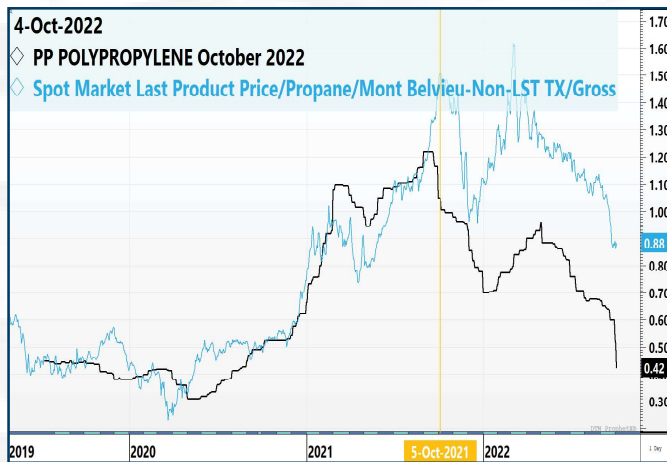


# Daily Energy Update 10-5

## Lower Polypropylene Prices & Propane

At this time last year, propane prices had doubled, just to fall out during the winter. As we head into this winter, we have seen prices slide into winter with several folks asking me, is this a time to buy more?



Two weeks ago I had a chart showing the bargain that propane is right now if adjusted for equivalent BTU value. That is still true by a long shot. It could mean in an energy crunch, propane could be the go to gallon to warm you up.

Despite the bargain that propane is, then

why is it so much lower? In the last few years, many propane dehydrogenation plants have been built to take advantage of excess cheap propane. The plants make propylene and hydrogen from propane. Unfortunately for them, the price of propylene has fallen substantially. Slower manufacturing growth has led to an oversupply and wholesale prices are half what they were a year ago.

Going into this winter, it is unlikely propane prices will find support from the plastics market. What is likely is cold weather will find new global buyers of US propane and it will jump our exports to near capacity. This should be a great winter to be a propane shipping company (plug for Dorian LPG, ticker LPG). I think it also will mean higher LP prices, just stay flexible in your price coverage strategy.



**DIESEL PRICE RISK: higher into 23 with increase of global demand**

- Lock in 2023 and 50% of 2024 on OPEC cuts and stoppage of SPR releases

**GASOLINE PRICE RISK: higher 2023 values**

**RECOMMENDATIONS:**

- Book summer 2023 for gas contract buyers now

“This is a general recommendation, contact me for your specific situation”



**PROPANE PRICE RISK: values in buy zone despite negative overtones in petroleum markets**

**RECOMMENDATIONS:**

- Lock in prebuy and use option strategy for extra length

This is a general recommendation, contact me for your specific situation”

## NEWS

- OPEC + has tentatively agreed to a 2 MB with insiders saying their intent is to defend \$100 Brent Crude oil price which is another \$10 a barrel higher than current values.
- Propane values lifted yesterday, the first increase in weeks. With OPEC + reducing supply, it could change propane dynamics significantly as OPEC has delivered over 30 MB more propane to Asia this year versus last. This could bring some buyers back to the US who had switched to Middle East propane.
- A refinery strike in France is on the 9th day, and shortages are starting to appear. Workers want a 10% salary increase for this year due to inflation and TotalEnergies is saying no...?? strange. It would seem to me they have already lost that money and will need to meet workers demands. As shortages build, we expect a resolution.

Market Prices		
	Last	Change
NEW YORK HARBOR ULSD November 2022	\$ 3.545	\$0.009
NEW YORK HARBOR ULSD December 2022	\$ 3.411	\$0.022
RBOB GASOLINE November 2022	\$ 2.657	(\$0.026)
RBOB GASOLINE December 2022	\$ 2.5015	(\$0.014)
E-MINI S&P 500 December 2022	3765.0	(38.25)
US DOLLAR INDEX	\$ 110.98	\$0.917
CRUDE OIL November 2022	\$ 87.23	\$0.710
BRENT CRUDE December 2022	\$ 92.20	\$0.400
Conway Propane	\$ 0.885	\$0.020
Gulf Coast - ULSD Grade 62 Basis	\$ 0.050	\$0.000
Group 3 - ULSD Basis	\$ 0.190	\$0.000
Chicago - ULSD Basis	\$ 0.050	\$0.000
Group 3 - Suboctane Gasoline Basis	\$ 0.310	\$0.000
Chicago - CBOB Regular Basis	\$ 0.500	\$0.000





5-Oct-2022

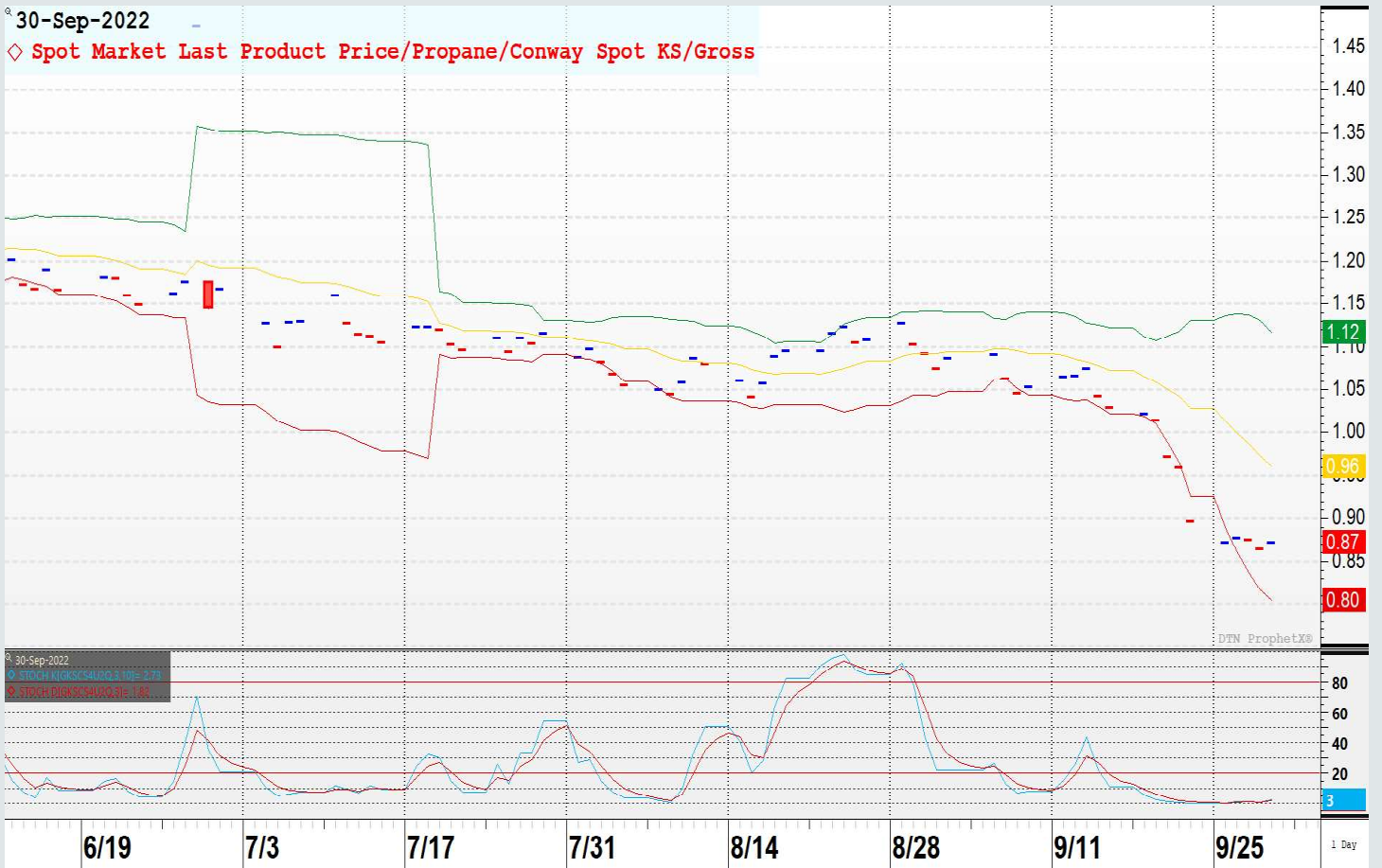
◇ RBOB GASOLINE November 2022

◇ RBOB GASOLINE August 2023



30-Sep-2022

◇ Spot Market Last Product Price/Propane/Conway Spot KS/Gross



# LOCK BY LOAD CALCULATOR

10/5/2022 8:35

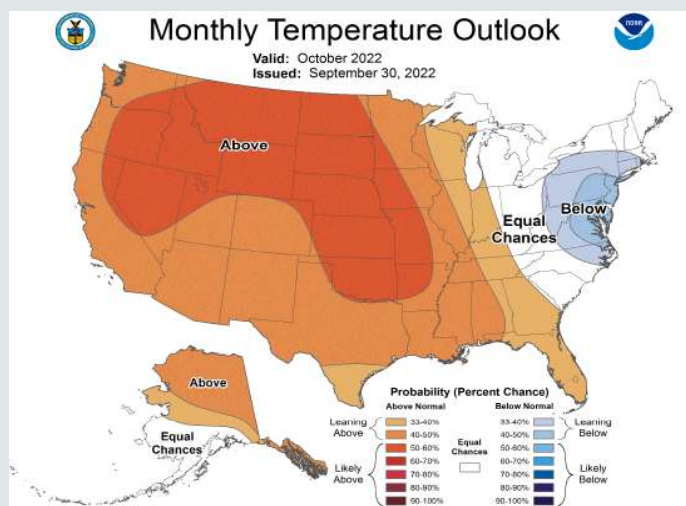
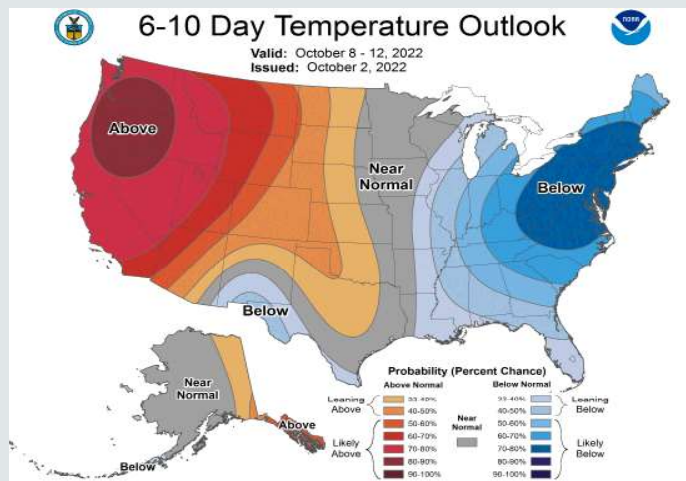
Indications Only - Call to lock in

Physical	Futures Month	HO Swap	Implied Basis	Wholesale
October-22	NEW YORK HARBOR ULSD November 2022	3.576	0.140 \$	3.716
November-22	NEW YORK HARBOR ULSD December 2022	3.441	0.140 \$	3.581
December-22	NEW YORK HARBOR ULSD January 2023	3.364	0.140 \$	3.504
January-23	NEW YORK HARBOR ULSD February 2023	3.289	0.160 \$	3.449
February-23	NEW YORK HARBOR ULSD March 2023	3.207	0.160 \$	3.367
March-23	NEW YORK HARBOR ULSD April 2023	3.112	0.180 \$	3.292
April-23	NEW YORK HARBOR ULSD May 2023	3.034	0.180 \$	3.214
May-23	NEW YORK HARBOR ULSD June 2023	2.973	0.180 \$	3.153
June-23	NEW YORK HARBOR ULSD July 2023	2.932	0.170 \$	3.102
July-23	NEW YORK HARBOR ULSD August 2023	2.900	0.170 \$	3.070
August-23	NEW YORK HARBOR ULSD September 2023	2.900	0.170 \$	3.070
September-23	NEW YORK HARBOR ULSD October 2023	2.870	0.190 \$	3.060
October-23	NEW YORK HARBOR ULSD November 2023	2.864	0.190 \$	3.054
November-23	NEW YORK HARBOR ULSD December 2023	2.831	0.190 \$	3.021
December-23	NEW YORK HARBOR ULSD January 2024	2.789	0.190 \$	2.979

**Conway Swap Settlements**  
**10/4/2022**

*Indications Only - Not Tradeable*

<u>Month</u>	<u>Close</u>	<u>Change</u>
Nov 22	\$0.902	\$0.012
Dec 22	\$0.921	\$0.015
Jan 23	\$0.924	\$0.016
Feb 23	\$0.924	\$0.017
Mar 23	\$0.876	\$0.018
Apr 23	\$0.826	\$0.020
May 23	\$0.806	\$0.021
Jun 23	\$0.796	\$0.021
Jul 23	\$0.796	\$0.022
Aug 23	\$0.804	\$0.023
Sep 23	\$0.821	\$0.023
Oct 23	\$0.838	\$0.021
Nov 23	\$0.854	\$0.021
Dec 23	\$0.870	\$0.020
Jan 24	\$0.870	\$0.024
Feb 24	\$0.856	\$0.024
Mar 24	\$0.815	\$0.025
Apr 24	\$0.774	\$0.026



This material should be construed as the solicitation of trading strategies and/or services provided by the FCM Division of StoneX Financial Inc., or StoneX Markets, LLC ("IFM"), as noted in this presentation. These materials have been created for a select group of individuals, and are intended to be presented with the proper context and guidance. Information contained herein was obtained from sources believed to be reliable, but is not guaranteed as to its accuracy. These materials represent the opinions and viewpoints of the author, and do not necessarily reflect the viewpoints and trading strategies employed by the FCM Division of StoneX Financial Inc. or IFM. The trading of derivatives such as futures, options, and over-the-counter ("OTC") products or "swaps" may not be suitable for all investors. Derivatives trading involves risk of loss and past financial results are not necessarily indicative of future performance. Any hypothetical examples given are exactly that and no representation is being made that any person will or is likely to achieve profits or losses based on those examples. The FCM Division of StoneX Financial Inc. is not responsible for any redistribution of this material by third parties, or any trading decisions taken by persons not intended to view this material. This material does not constitute an individualized recommendation, or take into account the particular trading objectives, financial situations, or needs of individual customers. Contact designated personnel from the FCM Division of StoneX Financial Inc. for specific trading advice to meet your trading preferences or goals. All references to and discussion of OTC products or swaps are made solely on behalf of IFM, a member of the NFA and provisionally registered with the CFTC as a swap dealer. IFM's products are designed only for individuals or firms who qualify under CFTC rules as an 'Eligible Contract Participant' ("ECP") and who have been accepted as customers of IFM. Reproduction without authorization is forbidden. © Copyright 2020. All rights reserved.