Market Comments: When the dust settled on Wednesday afternoon the energy markets were in positive territory. The trade continues to keep a watchful eye out for insight into the progress in the China/U.S. trade talks. It appears as if China is looking for easing of tariffs before deal can be done; U.S. is looking for deal before easing of tariffs, appear to be at a standoff. In other news, U.S. shale production growth id decelerating but it is too early to say what OPEC will decide in December, according to the cartel’s chief.

The industry remains concerned that the U.S. shale industry could be showing signs of slowing down going into 2020. In addition, global oil demand growth is expected to slow as fuel efficiency improves and the use of electrified vehicles increases but is unlikely to peak in the next two decades, according to the EIA.

Canadian crude oil is once again moving through a pipeline nearly two weeks after line leaked an estimated 383,000 gallons of oil in North Dakota. The company said it is still investigating the cause of the leak it reported Oct 29th that affected about 22,500 square feet of land near Edinburg, North Dakota. The company reported they will operate the pipeline at a reduced pressure with a gradual increase in the volume of crude oil moving through the system.

The USDA weekly crop progress report indicated 66 percent of the U.S. corn crop has been harvested vs. the five-year average of 85 percent. As for soybean, 85 percent of the crop has been taken out vs. the five-year average of 92 percent.

The 8 to 14-day weather forecast, which is valid through November 26th is calling for very different conditions then what we are currently experiencing in the Midwest. It appears as if the Midwest could experience normal temperatures. Previous maps were calling for above normal temperatures, which would have certainly helped the producers make further progress in harvest, as some areas still have significant amounts of the crop to get out of the field. However, the maps are calling for above normal amounts of precipitation and this is not welcomed.
Propane is one of the most commonly consumed HGL products in the U.S. The U.S. residential and commercial sectors use more propane, mostly for space heating, in the winter. The industrial sector uses more propane in the summer, when propane prices are relatively low. Only small amounts of propane are used for transportation. Propane is the only HGL product that is commonly used in all hour end use sectors.

The latest EIA gasoline demand reading reflected the most fall-like numbers since the end of September. Despite the lower demand, gasoline stocks fell by 2.8 million barrels in part due to high exports, according to the EIA. On the week the national average increased a penny to $2.61. Most motorists are seeing savings at the pump compared to November 2018, by as much as a quarter. South Dakota was the only Great Lakes and Central state with stable gas prices on the week, while motorists in Michigan and Illinois saw the largest pump price increases on the week. The latest increases for the Great Lakes and Central States region can be attributed to the large decrease in regional gasoline stocks. If inventories can increase along with refinery rates in the coming weeks, motorists might see cheaper gas prices later in the month.

U.S. production of biodiesel was 156 million gallons in August 2019, 3 million gallons lower than production in July 2019. The Midwest region accounted for 67 percent of the United States total. Production came from 95 biodiesel plants with a capacity of 2.5 billion gallons per year.