



INCORPORATED  
<http://www.aglinkinc.com/fuel.php>

# CHS AM Energy Update

May 14, 2021

Petroleum Manager: Larry Puyear – (509) 979-3350 [larryp@aglink.biz](mailto:larryp@aglink.biz)

## Today's Market News

Friday, May 14, 2021

- **Dakota Access Pipeline:** A US Appeals Court denied a request to freeze the company's case while it seeks Supreme Court review in keeping the pipeline open. The pipeline moves 570k bpd of crude out of the Bakken shale basin in North Dakota. The pipeline has been locked in legal battles with Native American tribes as to whether it should stay open.
- **EPA Rule Change:** The Biden EPA revoked a Trump-era rule that they say hamstrung the agency's ability to use the best science in development of the Clean Air Act. The previous benefit-cost analysis was supported by many important industries, but generally caused issues with public health agencies ability to set stricter limits on air pollution. The new rule goes into effect in 30 days.
- **Colonial Pipeline:** Colonial Pipeline indicated that they were back to running at normal capacity yesterday, and that relief of tight supply on the east coast should be felt soon. Additionally, the Biden Admin echoed this sentiment. The pipeline was knocked out due to hackers. It is reported that Colonial paid a ransom to the hackers, but that amount paid has not been disclosed. Those close to the matter reported Colonial has insurance to pay for such situations.
- **Market Opinion:** Markets are slightly higher this morning coming after a moderate correction yesterday. Since the markets have digested the news regarding Colonial Pipeline operations and possible demand destruction in India, it appears that the stage is set for a relatively quiet trading day.

## Energy Highlights - Please call your account manager for larger chart.



### HO Daily Chart

The slow and steady increase in HO futures prices have been the story in 2021 so far. The last 30 days have seen the march higher lead primarily by demand recovery and inventory levels at relatively weak positions. The sharper increase in prices recently with the Colonial Pipe closure have created a gap between moving averages on the 14- and 30-day intervals (purple and green lines). As traders continue to digest headlines, anticipate the two moving averages to close the gap and continue a slow and steady increase in daily price.