



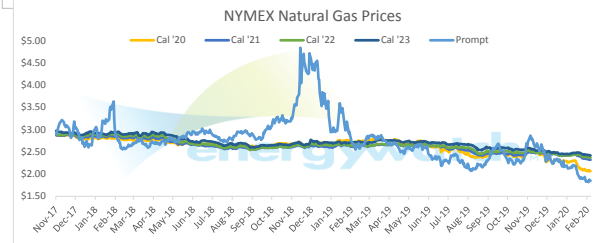
Week Ending: 2/14/2020

**Weekly Update:**

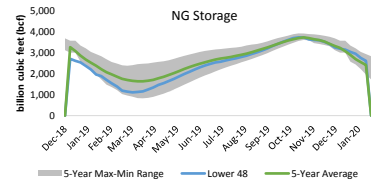
For the prompt month natural gas is trading down \$0.01 at \$1.94, while crude oil is up \$0.71 at \$54.00 as of February 20, 2020. The NYMEX natural gas prompt month contract closed at 2.6 cents lower at \$1.955/MMBtu. This type of movement is due to changes in the weather forecast. Updates to the weather show the areas with warmer than normal temperatures are expanding, namely in Canada. A quick moving cold shot will move along the Midwest through Thursday and through the East Coast Thursday into Saturday. After about 48 hours of below-normal temperatures, there will be a strong warm-up. These above-average winter temperatures are bearish for the market, which has been an overall trend for this winter so far. Other bearish factors include higher associated gas production and healthy storage levels. EIA expects natural gas production and exports to continue increasing in most scenarios. The last time the NYMEX calendar strip was this low was during the winter of 2015/2016 when the oversupplied market was met with a much warmer-than-normal winter. For the past five years, the 12-month strip has averaged \$2.79/MMBtu for this week in February.

Meanwhile, some of the bullish factors are the record LNG exports, growing NG exports to Mexico, and dry production staking. Despite a warm winter in Asia and demand disruption in China, U.S. LNG exports have remained consistent in 2020 so far, up around 6 Bcf/day year-over-year. Since 2000, we've had over 5,000 business days and a little over 70 have been below \$2/MMBtu. This winter has been the fifth warmest since 1950! The warm temperatures and strong production of 94 Bcf/day push NYMEX below \$2/MMBtu. It should be noted that the supply and demand balance can revert if production declines and the storage surplus tapers. Gas storage for February 14, 2020 comes in at 2,343 Bcf. This time a year ago gas storage was reigning in at 1,720 Bcf which shows a change of 35.4%. Comparing this to the five-year average of 2,143 Bcf that comes in with a change of 9.3%. Storage is likely going to finish March at 2 Tcf and then potentially could set a new all-time high of close to 4.1 Tcf by October.

Natural gas pricing plays a key role in electricity power pricing due to the increasing reliance on natural gas fired generators as nuclear, coal, and oil generation is retired and mothballed. As the marginal unit of generation, gas prices are directly correlated to power pricing (more so in some regions such as NYC vs. others such as parts of PJM). We keep an eye on natural gas market fundamentals in order to provide insights into forward power pricing for our clients. Gas

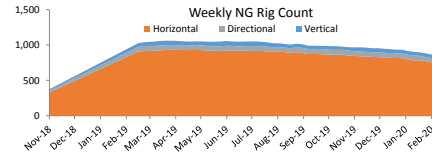


| Natural Gas Storage<br>Week Ending 2/14/2020 |       |
|--|-------|
| Current Week Stocks (bcf)                    | 2,323 |
| Previous Week Stocks (bcf)                   | 2,494 |
| Implied Net Change (bcf)                     | -171  |
| Expected Net Change (bcf)                    | -108  |
| Variance (bcf)                               | -63   |
| Year-Ago Stocks (bcf)                        | 1,730 |
| Variance vs Prev. Year (%)                   | 34.3% |
| 5-Year Average (bcf)                         | 2,143 |
| Variance vs 5-YR Avg (%)                     | 8.4%  |

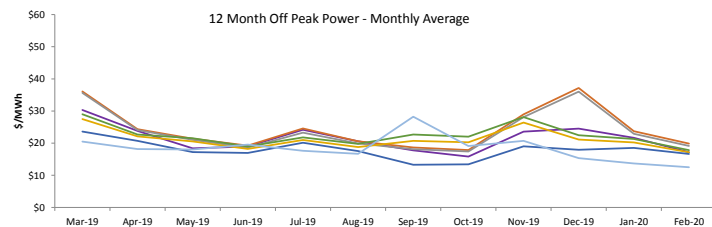
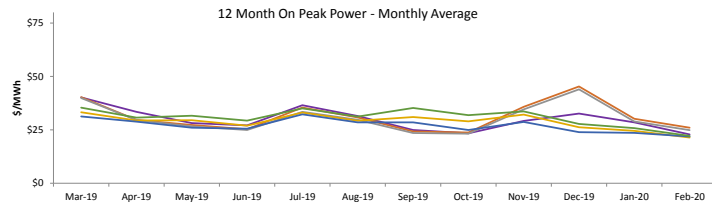


|              | \$/MMBtu | W-o-W Δ | Y-o-Y Δ |
|--------------|----------|---------|---------|
| Prompt Month | \$0.000  | -100.0% | -100.0% |
| 12-Month     | \$0.000  | -100.0% | -100.0% |
| 24-Month     | \$0.000  | -100.0% | -100.0% |
| Cal 20       | \$0.000  | -100.0% | -100.0% |
| Cal 21       | \$0.000  | -100.0% | -100.0% |
| Cal 22       | \$0.000  | -100.0% | -100.0% |

| Week Ending: | 2/7/2020 | W-o-W Δ |
|--------------|----------|---------|
| Oil Rigs     | 0        | -100.0% |
| Gas Rigs     | 0        | -100.0% |
| Vertical     | 51       | -1.9%   |
| Horizontal   | 752      | 0.4%    |
| Directional  | 57       | 5.6%    |



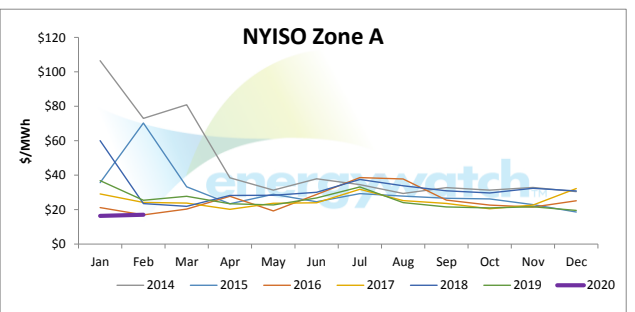
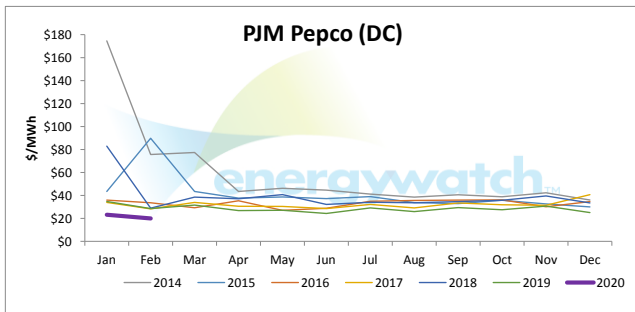
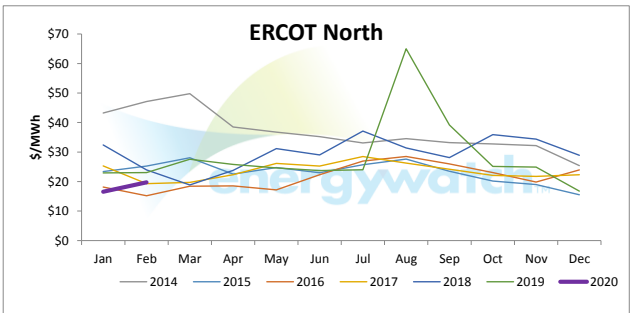
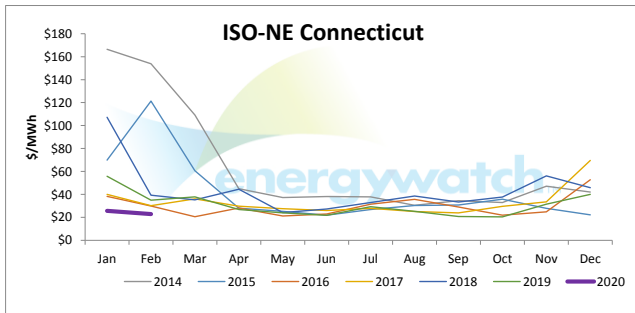
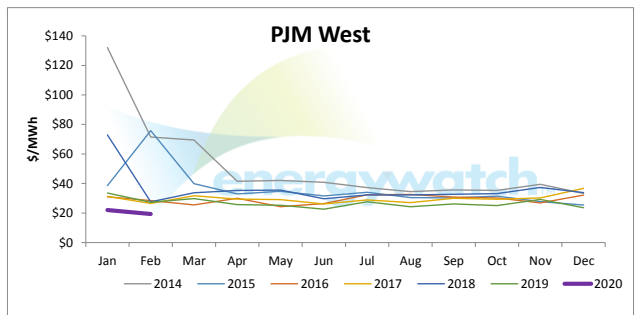
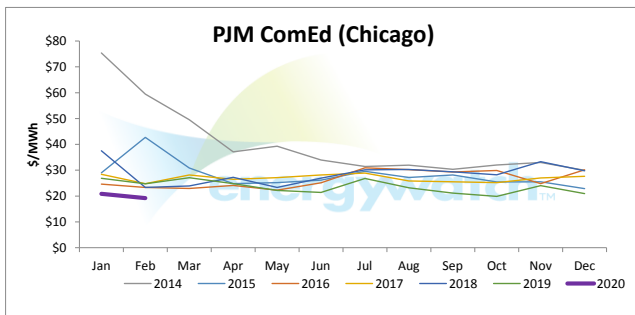
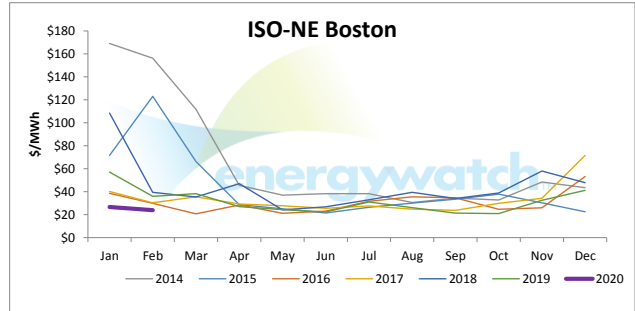
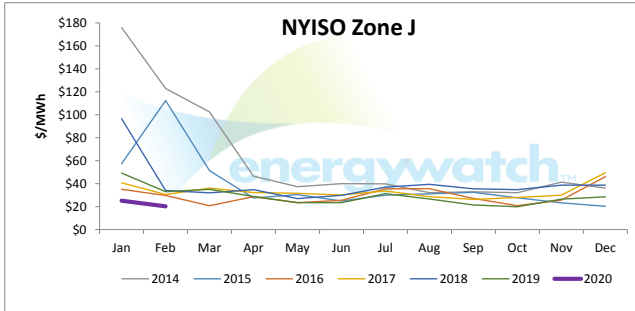
|                 | Avg. Temp | Past 10 Weeks | Departure From Normal | CDD |     | HDD |     |
|-----------------|-----------|---------------|-----------------------|-----|-----|-----|-----|
|                 |           |               |                       | CDD | HDD | CDD | HDD |
| Boston          | 0         |               | 0                     | 0   | 0   |     |     |
| Chicago         | 0         |               | 0                     | 0   | 0   |     |     |
| Columbus        | 0         |               | 0                     | 0   | 0   |     |     |
| Dallas          | 0         |               | 0                     | 0   | 0   |     |     |
| Denver          | 0         |               | 0                     | 0   | 0   |     |     |
| Detroit         | 0         |               | 0                     | 0   | 0   |     |     |
| Hartford        | 0         |               | 0                     | 0   | 0   |     |     |
| Houston         | 0         |               | 0                     | 0   | 0   |     |     |
| Indianapolis    | 0         |               | 0                     | 0   | 0   |     |     |
| Las Vegas       | 0         |               | 0                     | 0   | 0   |     |     |
| Los Angeles     | 0         |               | 0                     | 0   | 0   |     |     |
| Miami           | 0         |               | 0                     | 0   | 0   |     |     |
| Minneapolis     | 0         |               | 0                     | 0   | 0   |     |     |
| New York City   | 0         |               | 0                     | 0   | 0   |     |     |
| Philadelphia    | 0         |               | 0                     | 0   | 0   |     |     |
| Phoenix         | 0         |               | 0                     | 0   | 0   |     |     |
| Salt Lake City  | 0         |               | 0                     | 0   | 0   |     |     |
| San Diego       | 0         |               | 0                     | 0   | 0   |     |     |
| San Francisco   | 0         |               | 0                     | 0   | 0   |     |     |
| Seattle         | 0         |               | 0                     | 0   | 0   |     |     |
| St. Louis       | 0         |               | 0                     | 0   | 0   |     |     |
| Washington D.C. | 0         |               | 0                     | 0   | 0   |     |     |



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2014 - 2020 YTD Locational Marginal Pricing (LMPs)



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