



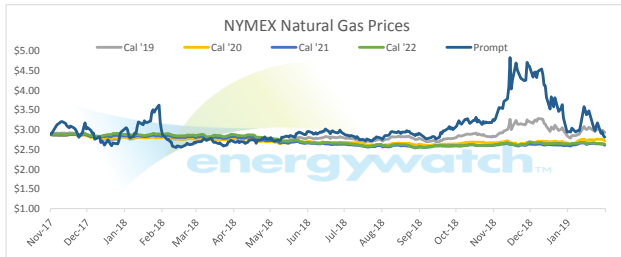
Week Ending: 1/31/2019

Weekly Update:

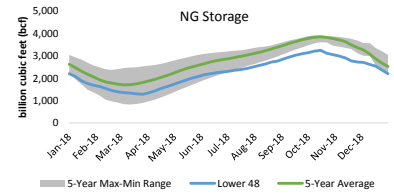
Natural gas future prices traded on the NYMEX closed yesterday at \$2.814/MMBtu, which is the lowest closing price since September despite the freezing temperatures across the U.S. Storage levels decreased by 173 bcf, 12.18% below market estimates of a 197 bcf extraction. The total 2,197 bcf of natural gas in storage is only 50.2% of its total capacity and 0.6% below last year and 13.0% below the five-year average for this same week. Due to the freezing temperatures the last couple of days, "consumption (in the residential and commercial sectors) increased by 11%, reaching a near-record high of 70.9 bcf/d on Wednesday, January 30, the second highest value ever recorded (the highest was 71.6 bcf/d in January 2014)" (EIA). The prices at New York City's natural gas trading hub, Transco Zone 6, increased \$9.53 from \$2.98/MMBtu last Wednesday to \$12.51/MMBtu this past Wednesday (EIA).

NYISO Zone J off-peak LMP prices jumped 85% to \$97.89/MWh yesterday and on-peak prices increased 39% to \$141.13/MWh. The prior seven-day average ATC electricity prices in Zone J were \$44.43/MWh. PJM Western Hub's ATC price doubled to \$87.6/MWh and ISO-NE Mass- Boston Hub ATC prices increased about 10% to \$87.54/MWh. The NOAA stated that the life-threatening temperatures in the central and eastern states the last couple of days will exit the Northeast Friday, 2/1/19. Temperatures are expected to increase for February, which could push electricity prices back down.

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 production is expected to continue to grow, however, there is speculation that demand growth will outpace supply primarily due to LNG and Mexican exports and increased power burn, presenting upside risk to power pricing in the future.

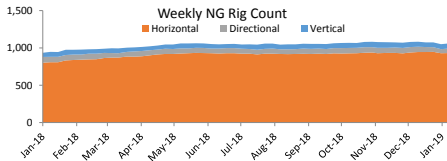


Natural Gas Storage Week Ending 1/25/2019	
Current Week Stocks (bcf)	2,197
Previous Week Stocks (bcf)	2,370
Implied Net Change (bcf)	-173
Expected Net Change (bcf)	-197
Variance (bcf)	24
Year-Ago Stocks (bcf)	2,211
Variance vs Prev. Year (%)	-0.6%
5-Year Average (bcf)	2,525
Variance vs 5-YR Avg (%)	-13.0%



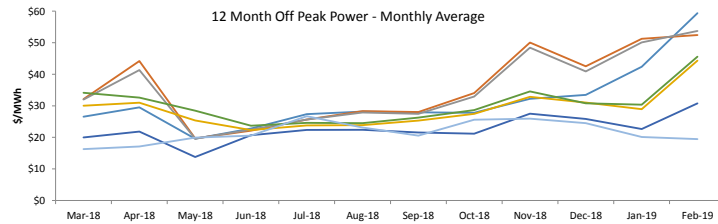
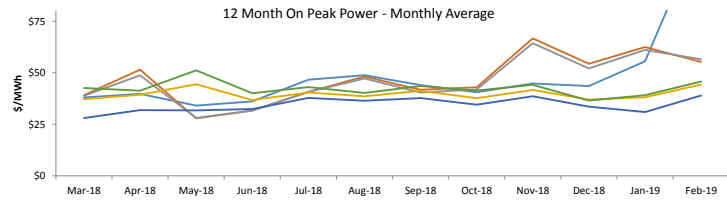
	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$2.814	-0.6%	1.0%
12-Month	\$2.893	-2.3%	0.5%
24-Month	\$2.783	-2.3%	-2.2%
Cal 19	\$2.923	-2.4%	3.5%
Cal 20	\$2.711	-1.7%	-3.6%
Cal 21	\$2.610	-1.2%	-8.6%
Cal 22	\$2.635	-0.6%	-9.0%

Week Ending:	1/25/2019	W-o-W Δ	Y-o-Y Δ
Oil Rigs	862	1.2%	13.6%
Gas Rigs	197	-0.5%	4.8%
Vertical	68	3.0%	3.0%
Horizontal	932	0.3%	15.3%
Directional	59	7.3%	-19.2%



	Price	W-o-W Δ	Y-o-Y Δ	\$/MMBtu
Natural Gas (\$/MMBtu)	\$2.814	-0.17	-1.5%	\$2.81
WTI Crude Oil (\$/bbl)	\$53.79	\$1.17	-18.3%	\$9.19
#2 Heating Oil (\$/gal)	\$1.88	-\$0.01	-10.1%	\$13.57

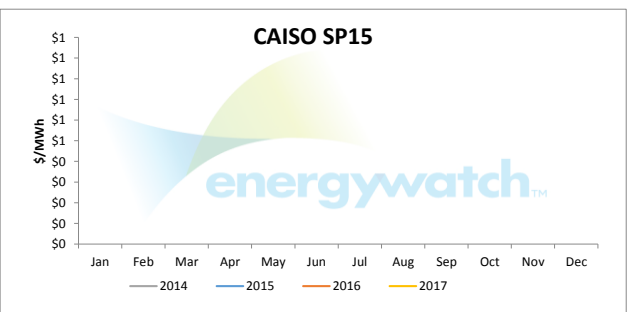
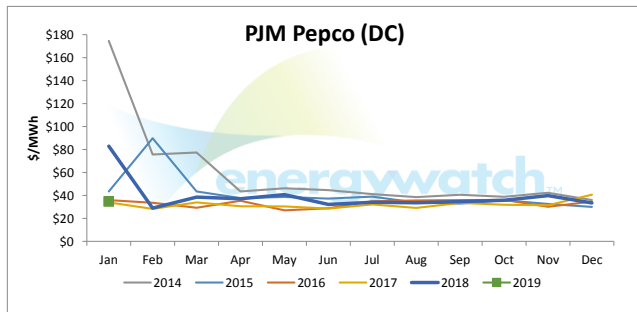
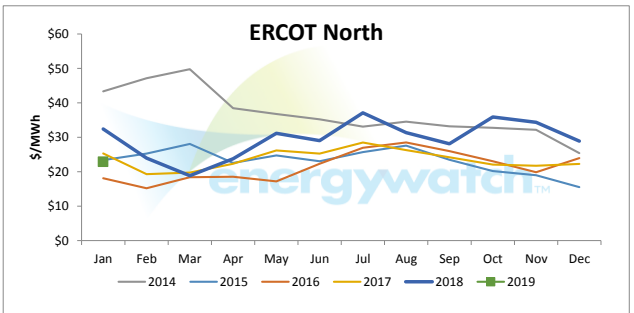
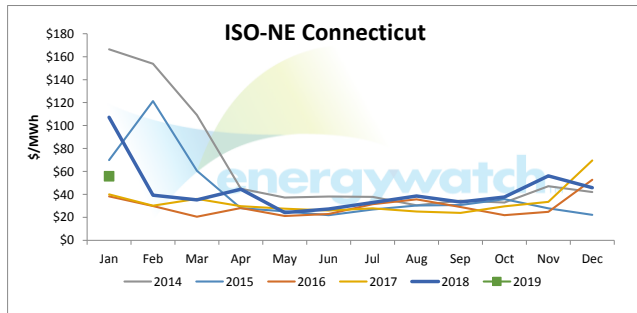
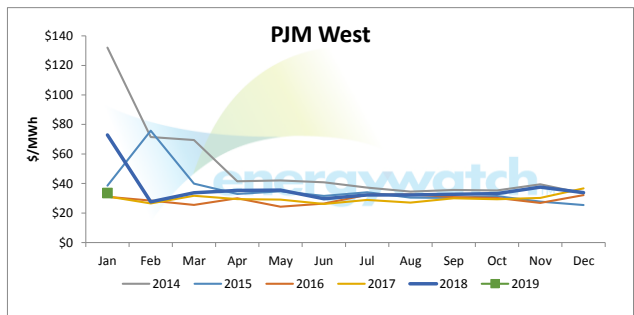
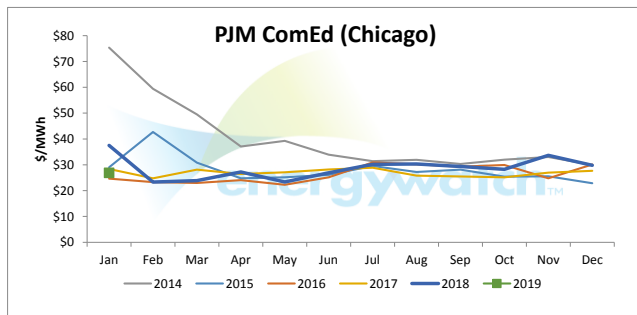
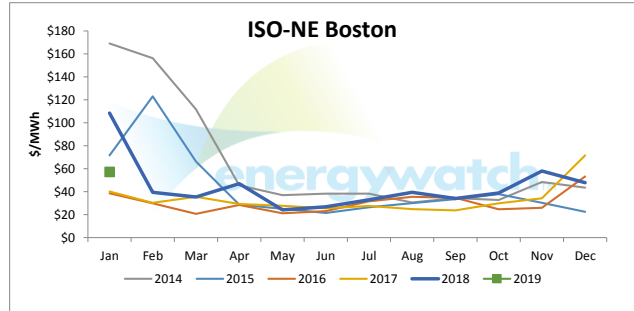
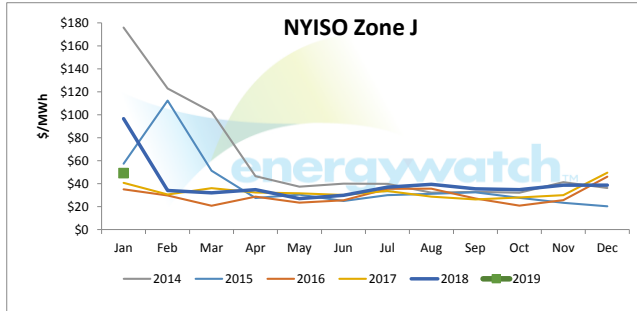
	Avg. Temp	Past 10 Weeks	Departure From Normal	CDD		HDD	
				CDD	HDD	CDD	HDD
Boston	18		-12	0	47		
Chicago	-13		-37	0	78		
Columbus	3		-26	0	62		
Dallas	45		-3	0	21		
Denver	23		-9	0	43		
Detroit	-7		-30	0	71		
Hartford	13		0	0	53		
Houston	49		-5	0	16		
Indianapolis	0		-29	0	65		
Las Vegas	54		4	0	11		
Los Angeles	58		1	0	7		
Miami	65		-4	1	1		
Minneapolis	-19		-35	0	84		
New York City	16		-18	0	49		
Philadelphia	16		-17	0	49		
Phoenix	63		6	0	2		
Salt Lake City	35		4	0	30		
San Diego	60		3	0	5		
San Francisco	55		4	0	10		
Seattle	44		1	0	21		
St. Louis	8		-25	0	57		
Washington D.C.	15		-19	0	50		



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2014 - 2019 YTD Locational Marginal Pricing (LMPs)



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