



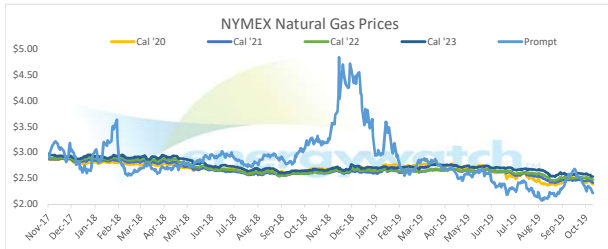
Week Ending: 10/17/2019

#### Weekly Update:

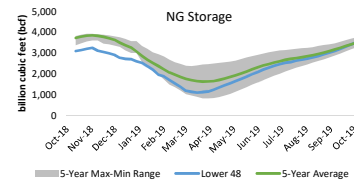
Natural gas storage reserves recorded its first triple digit October injection since 2014. The 104 Bcf injection also erased the deficit to the 5-year gas storage average. With warmer than expected weather, storage numbers are expected to increase for the next couple of weeks. Gas prices did not react much to the news, hovering around \$2.30/MMBtu for a November month contract. Both the winter strip (NOV 19-MAR 20) and CAL 20 saw slight decreases in values. Average peak power prices in Zone J NYC averaged \$21/mWh this week.

Now that we are in the middle of October, preliminary winter weather forecasts are beginning to roll in. From what we have seen, this winter is expected to be on the milder side. This should lessen the demand for both natural gas and electricity for heating - providing stability in pricing for both commodities. **Since these forecasts are not a guarantee, if you are not on a fixed product and already considering making a hedge for the winter months, now would be the time to execute a contract.**

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 has grown and surpassed any speculation that production would not be able to keep up with demand due to LNG and Mexican exports.

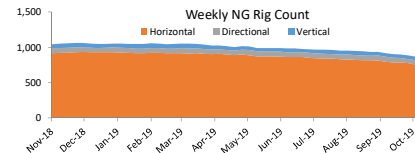


Natural Gas Storage	
Week Ending 10/4/2019	
Current Week Stocks (bcf)	3,415
Previous Week Stocks (bcf)	3,317
Implied Net Change (bcf)	98
Expected Net Change (bcf)	98
Variance (bcf)	0
Year-Ago Stocks (bcf)	2,943
Variance vs Prev. Year (%)	16.0%
5-Year Average (bcf)	3,424
Variance vs 5-YR Avg (%)	-0.3%

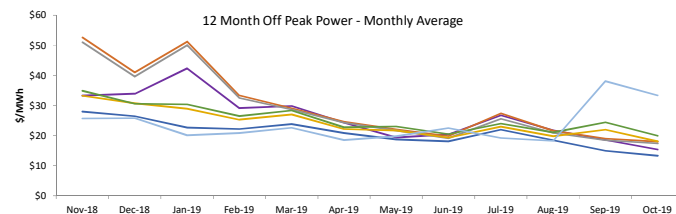
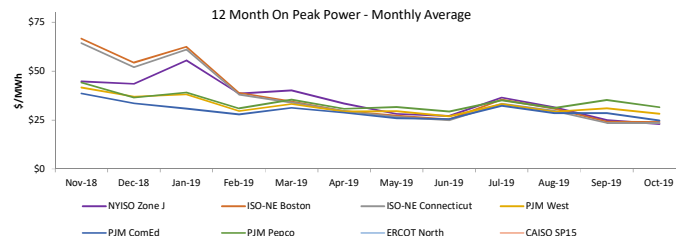


	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$2.318	2.4%	-27.4%
12-Month	\$2.404	1.3%	-18.1%
24-Month	\$2.420	0.9%	-14.3%
Cal 19	\$2.610	0.3%	-9.2%
Cal 20	\$2.421	1.1%	-9.8%
Cal 21	\$2.435	0.5%	-6.5%
Cal 22	\$2.487	0.2%	-4.6%

Week Ending:	10/11/2019	W-o-W Δ
Oil Rigs	712	0.3%
Gas Rigs	143	-0.7%
Vertical	51	-1.9%
Horizontal	752	0.4%
Directional	57	5.6%



	Avg. Temp	Past 10 Weeks	Departure From Normal	CDD	HDD
Boston	55		1	0	10
Chicago	47		-6	0	18
Columbus	55		1	0	10
Dallas	61		-7	0	4
Denver	52		-3	0	13
Detroit	56		6	0	9
Hartford	50			0	15
Houston	69		-3	4	0
Indianapolis	49		-6	0	16
Las Vegas	73			8	0
Los Angeles	78			13	0
Miami	85			20	0
Minneapolis	43		-6	0	22
New York City	61		3	0	4
Philadelphia	59		1	0	6
Phoenix	83		6	18	0
Salt Lake City	61		8	0	4
San Diego	69			4	0
San Francisco	60			0	5
Seattle	55			0	10
St. Louis	50		-9	0	15
Washington D.C.	55		-1	0	10



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## 2014 - 2019 YTD Locational Marginal Pricing (LMPs)

