



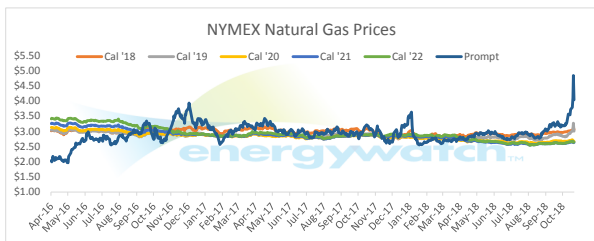
Week Ending: 11/15/2018

Weekly Update:

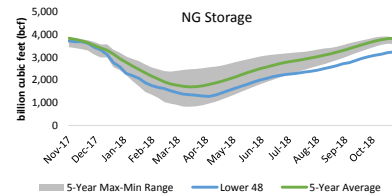
Front month natural gas closed yesterday at \$4.038/MMBtu, after breaking the \$4.00/MMBtu mark on Tuesday for the first time in four years and closing on Wednesday at \$4.837/MMBtu. Natural gas storage increase by 39 bcf, which was right in line with expectations. The total 3,247 bcf in storage is 14.0% below last year and 15.6% below the five-year average. The amount of natural gas in storage is the lowest it has been since 2003. According to Constellation's *Energy Market Intelligence Webinar*, November 2018 is expected to be in the top 10 coldest Novembers since 1950. "Gas weighted heating degree days are expected to come in around 647, which is much colder than the thirty year normal of 562 and then ten year normal of 537." Some cold may linger in the beginning of December but Constellation's analog years still suggest a warm second half of December (Constellation).

Henry Hub spot prices rose from \$3.51/MMBtu last Wednesday to \$4.59/MMBtu this past Wednesday. At the Transco Zone 6 pipelineservicing NYC, prices increased \$1.57/MMBtu from \$3.55/MMBtu last Wednesday to \$5.12/MMBtu this Wednesday (EIA). "While the front of the gas curve is rallying due to storage concerns and a cold start to November, record gas production (~85-86 bcf/d) is weighing down longer-term NYMEX strips, which are currently trading just off of all-time contract lows" (Constellation).

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 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.

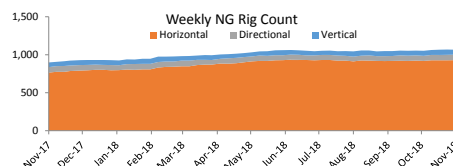


Natural Gas Storage Week Ending 11/11/2018	
Current Week Stocks (bcf)	3,247
Previous Week Stocks (bcf)	3,208
Implied Net Change (bcf)	39
Expected Net Change (bcf)	39
Variance (bcf)	0
Year-Ago Stocks (bcf)	3,775
Variance vs Prev. Year (%)	-14.0%
5-Year Average (bcf)	3,848
Variance vs 5-YR Avg (%)	-15.6%



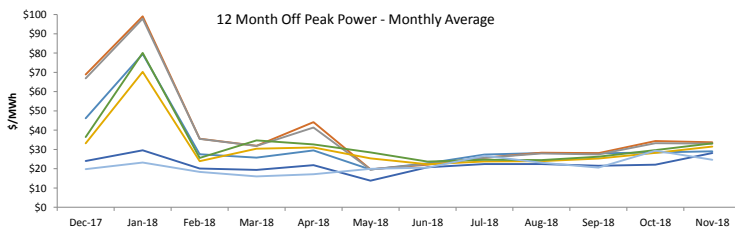
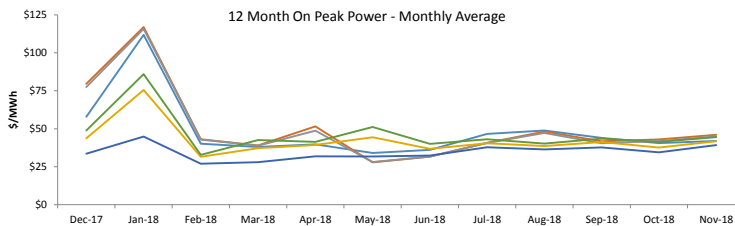
	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$4.038	2.8%	32.5%
12-Month	\$3.152	1.2%	4.3%
24-Month	\$2.914	0.0%	-2.2%
Cal 18	\$3.069	0.8%	1.1%
Cal 19	\$3.049	0.5%	4.5%
Cal 20	\$2.669	-1.3%	-7.2%
Cal 21	\$2.632	-0.5%	-8.7%
Cal 22	\$2.651	-0.3%	-8.4%

Week Ending:	11/9/2018	W-o-W Δ	Y-o-Y Δ
Oil Rigs	886	1.4%	20.1%
Gas Rigs	195	1.0%	15.4%
Vertical	72	10.8%	26.3%
Horizontal	935	0.6%	20.5%
Directional	74	1.4%	0.0%



	Price	W-o-W Δ	Y-o-Y Δ	\$/MMBtu
Natural Gas (\$/MMBtu)	\$4.038	\$0.48	31.1%	\$4.04
CSX Coal (\$/ton)	\$77.55	\$0.00	20.9%	\$3.10
PRB Coal (\$/ton)	\$12.50	\$0.00	9.2%	\$0.71
WTI Crude Oil (\$/bbl)	\$56.46	-\$5.75	2.0%	\$9.64
#2 Heating Oil (\$/gal)	\$2.10	-\$0.09	9.8%	\$15.13

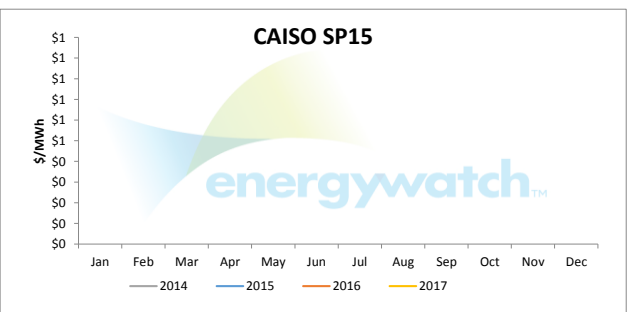
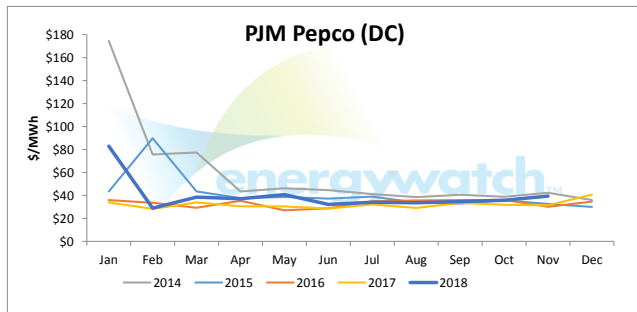
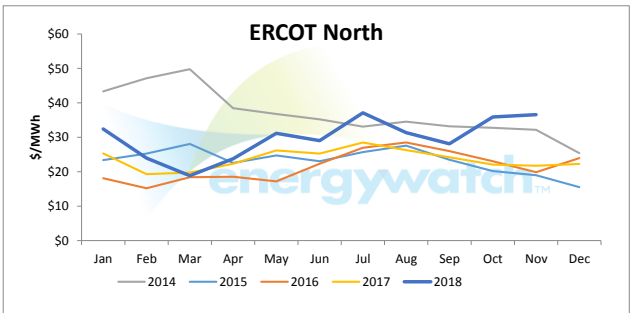
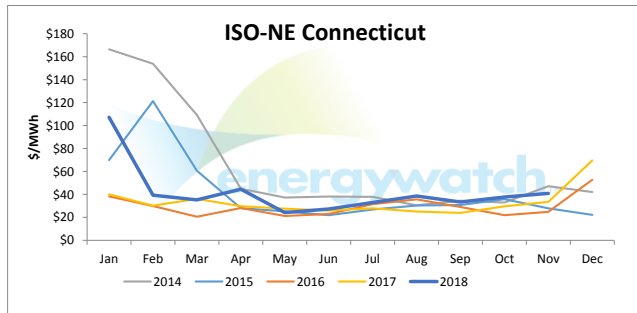
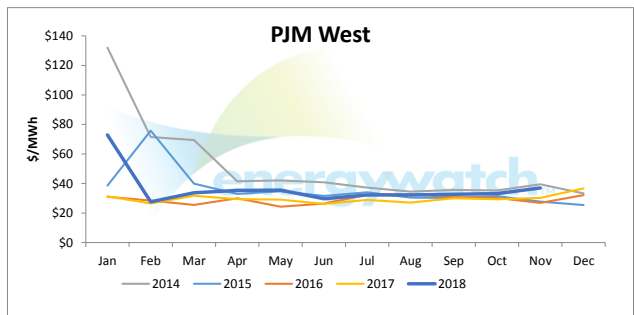
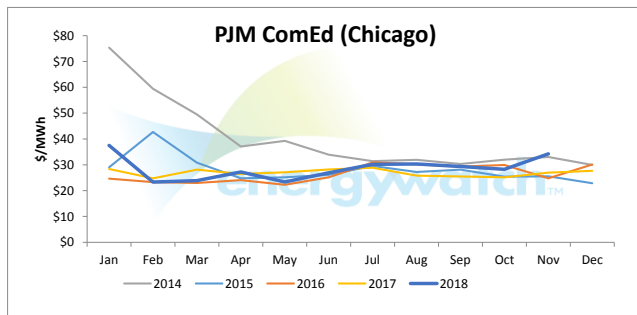
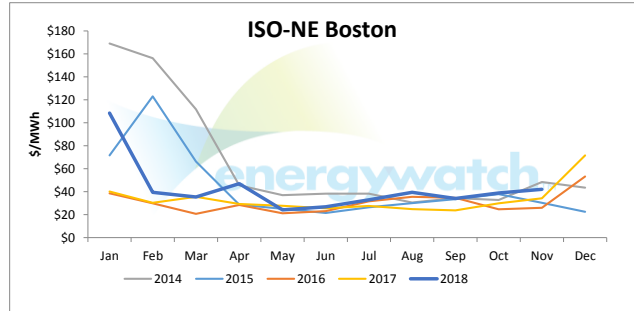
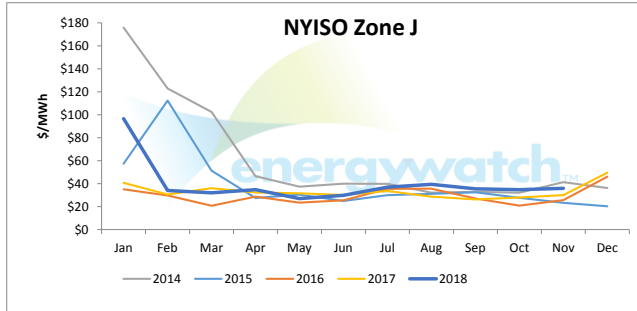
	Avg. Temp	Past 10 Weeks	Departure From Normal		CDD	HDD
			Normal	CDD		
Boston	32		-12	0	33	
Chicago	29		-15	0	36	
Columbus	29		-18	0	36	
Dallas	42		-21	0	23	
Denver	41		2	0	25	
Detroit	29		-15	0	36	
Hartford	31		0	0	34	
Houston	44		-21	0	21	
Indianapolis	29		-18	0	36	
Las Vegas	58		0	0	7	
Los Angeles	68		7	3	0	
Miami	78		6	14	0	
Minneapolis	34		-5	0	32	
New York City	37		-11	0	28	
Philadelphia	36		-10	0	29	
Phoenix	60		-5	0	5	
Salt Lake City	38		-2	0	27	
San Diego	66		5	1	0	
San Francisco	54		-2	0	11	
Seattle	52		6	0	13	
St. Louis	28		-23	0	37	
Washington D.	37		-8	0	28	



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2014 - 2018 YTD Locational Marginal Pricing (LMPs)



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