



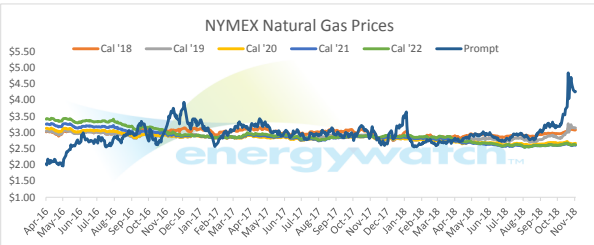
Week Ending: 11/29/2018

Weekly Update:

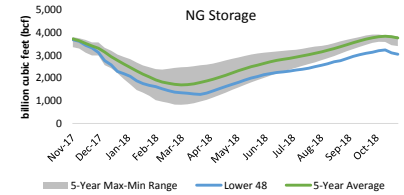
Front month natural gas closed yesterday at \$4.646/MMBtu, up 4.38% from last week's closing price of \$4.451/MMBtu. Natural gas stockpiles decreased by 59 bcf this past week, which was right in line with analysts' expectations. The total 3,054 bcf of natural gas in storage is 17.4% below this same week last year and 19.1% below the five-year average. The EIA reported a record-breaking withdrawal of -134 bcf for the week ending 11/16 - the largest draw ever for November to start winter. This blew past the estimated 113 bcf. "During the past four weeks, from Wednesday 10/31 to Wednesday 11/21, prices increased from \$3.29/MMBtu to \$4.68/MMBtu as most of the Lower 48 states experienced general cooler weather" (EIA). However, Constellation's *Northeast Market Update* expects a "decent warm-up" for the next week across the East.

At the Transcontinental Pipeline Zone 6 trading point for NYC, prices decreased from \$5.07/MMBtu last Wednesday to \$4.53/MMBtu this past Wednesday (EIA). "NYMEX prompt month gas traded as high as \$4.90/MMBtu, the highest level since January 2014. Prices have been volatile the past few weeks and will most likely continue to be volatile with each new weather model run" (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 part 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.

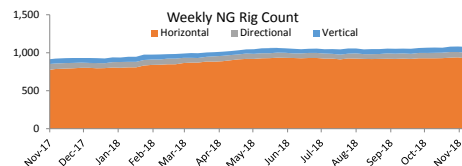


Natural Gas Storage Week Ending 11/25/2018	
Current Week Stocks (bcf)	3,054
Previous Week Stocks (bcf)	3,113
Implied Net Change (bcf)	-59
Expected Net Change (bcf)	-59
Variance (bcf)	0
Year-Ago Stocks (bcf)	3,698
Variance vs Prev. Year (%)	-17.4%
5-Year Average (bcf)	3,774
Variance vs 5-YR Avg (%)	-19.1%



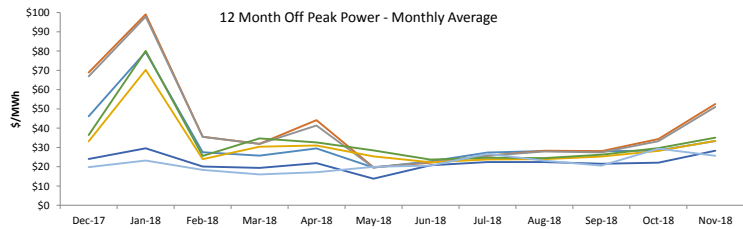
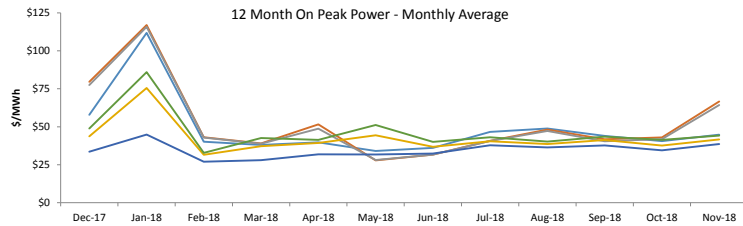
	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$4.646	6.7%	55.2%
12-Month	\$3.209	-2.0%	9.5%
24-Month	\$2.936	-1.3%	1.5%
Cal 19	\$3.209	1.6%	12.4%
Cal 20	\$2.662	0.2%	-5.8%
Cal 21	\$2.636	0.9%	-7.4%
Cal 22	\$2.675	1.7%	-6.5%

Week Ending:	11/21/2018	W-o-W Δ	Y-o-Y Δ
Oil Rigs	885	-0.3%	18.5%
Gas Rigs	194	0.0%	10.2%
Vertical	77	6.9%	16.7%
Horizontal	929	-1.1%	18.2%
Directional	73	2.8%	2.8%



	Price	W-o-W Δ	Y-o-Y Δ	\$/MMBtu
Natural Gas (\$/MMBtu)	\$4.262	\$0.22	45.6%	\$4.26
CSX Coal (\$/ton)	\$77.68	\$0.13	19.8%	\$3.11
PRB Coal (\$/ton)	\$12.38	-\$0.12	1.9%	\$0.70
WTI Crude Oil (\$/bbl)	\$51.56	-\$4.90	-11.3%	\$8.81
#2 Heating Oil (\$/gal)	\$1.89	-\$0.18	-2.8%	\$13.67

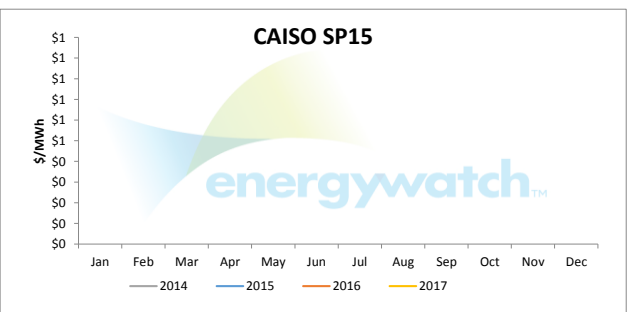
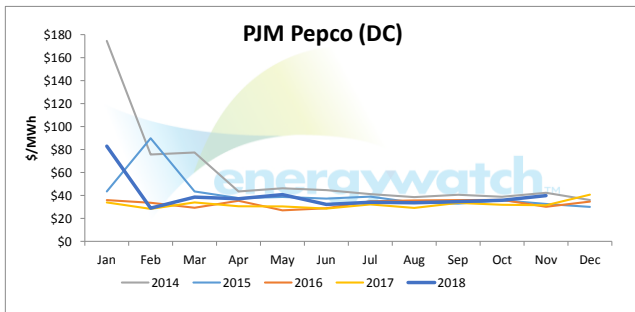
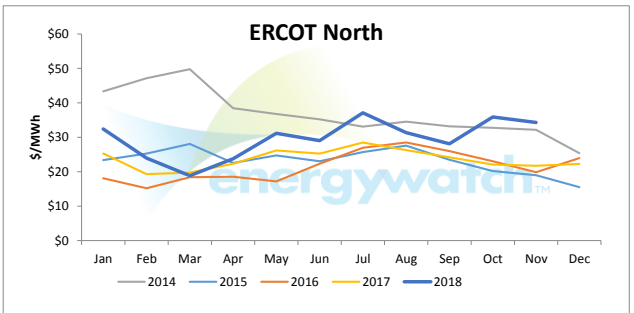
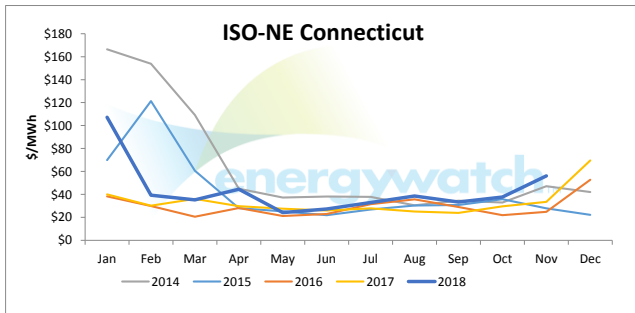
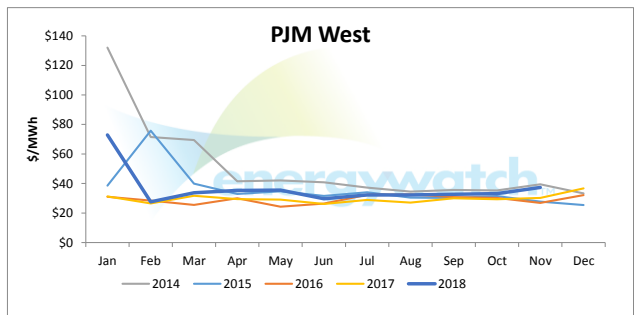
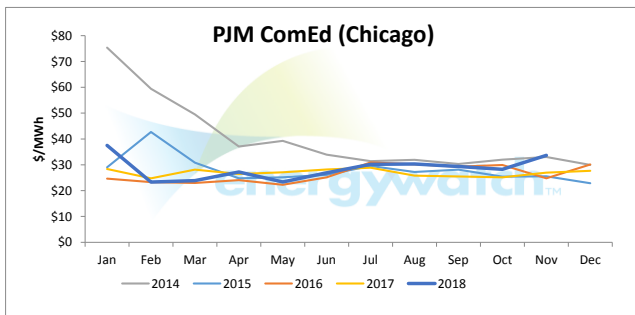
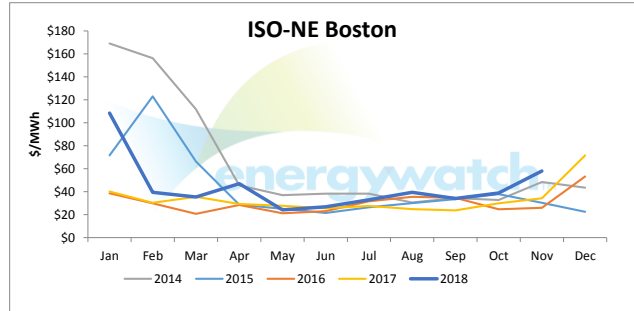
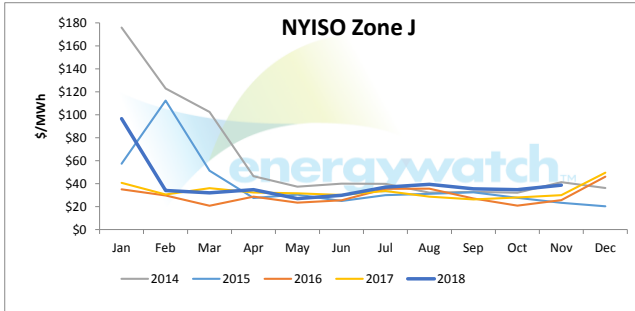
	Avg. Temp	Past 10 Weeks	Departure From Normal		CDD	HDD
			Normal	CDD		
Boston	41		0	0	0	24
Chicago	27		-7	0	0	38
Columbus	26		-12	0	0	40
Dallas	61		9	0	0	4
Denver	39		6	0	0	26
Detroit	30		-4	0	0	35
Hartford	39		0	0	0	26
Houston	64		5	4	0	5
Indianapolis	29		-9	0	0	36
Las Vegas	56		5	0	0	9
Los Angeles	61		3	0	0	4
Miami	56		-16	0	0	9
Minneapolis	24		-3	0	0	41
New York City	41		-3	0	0	24
Philadelphia	39		-5	0	0	26
Phoenix	62		3	0	0	3
Salt Lake City	38		4	0	0	27
San Diego	62		4	0	0	3
San Francisco	59		6	0	0	6
Seattle	48		5	0	0	17
St. Louis	33		-8	0	0	32
Washington D.	33		-9	0	0	32



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2014 - 2018 YTD Locational Marginal Pricing (LMPs)



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