



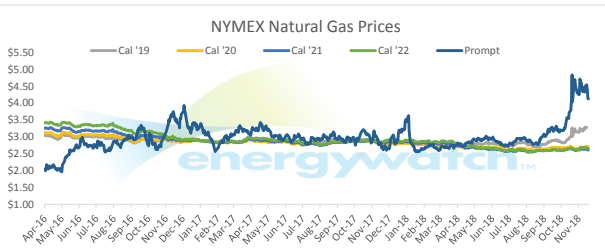
Week Ending: 12/13/2018

Weekly Update:

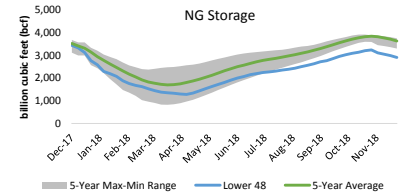
Front month natural gas closed yesterday at \$4.124/MMBtu, down 8.11% from last week's closing price of \$4.488/MMBtu. Natural gas in storage decreased by 77 bcf which was in line with the expected 79 bcf withdrawal. The total 2,914 bcf in storage is 19.9% below both the five-year average and this same week last year. The Henry Hub natural gas spot price averaged \$4.15/MMBtu in November, which is \$0.87/MMBtu higher than October's average. This price increase was due to low storage levels and cold temperatures. "Despite low inventory levels, EIA expects Henry Hub natural gas spot prices to average \$3.11/MMBtu in 2019, down 6 cents from the 2018 average and down from a forecast average price of \$3.88/MMBtu in the fourth quarter of 2018" (EIA).

EIA forecasts dry natural gas production to average 83.3 bcf/d in 2018, which is 8.5 bcf/d higher than 2017, and would establish a new record in both the level and volume growth of production. EIA expects production to continue rising in 2019 to an average of 90.0 bcf/d. Energy-related carbon dioxide emissions are expected to rise by 3.0% in 2018, after declining 0.8% in 2017. This increase is largely due to more natural gas consumption in 2018 versus 2017 for heating during the colder winter and air conditioning use during the warmer summer. Emissions are then expected to decline by 1.2% in 2019 because temperatures are forecasted to be more in line with historical information (EIA).

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.

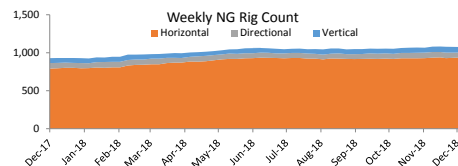


Natural Gas Storage Week Ending 12/9/2018	
Current Week Stocks (bcf)	2,914
Previous Week Stocks (bcf)	2,991
Implied Net Change (bcf)	-77
Expected Net Change (bcf)	-79
Variance (bcf)	2
Year-Ago Stocks (bcf)	3,636
Variance vs Prev. Year (%)	-19.9%
5-Year Average (bcf)	3,637
Variance vs 5-YR Avg (%)	-19.9%



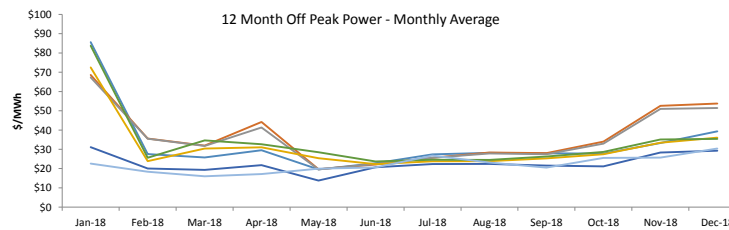
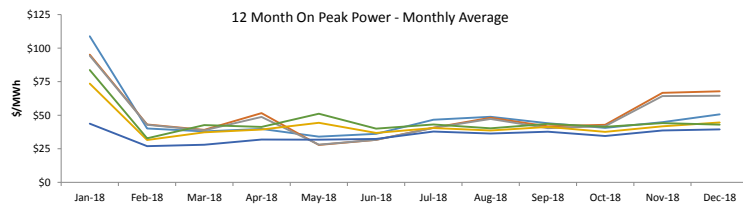
	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$4.124	-6.7%	54.2%
12-Month	\$3.125	-4.0%	16.1%
24-Month	\$2.914	-2.2%	6.7%
Cal 19	\$3.124	-4.0%	12.7%
Cal 20	\$2.704	-0.1%	-3.1%
Cal 21	\$2.611	-0.8%	-7.8%
Cal 22	\$2.641	-1.1%	-8.0%

Week Ending:	12/7/2018	W-o-W Δ	Y-o-Y Δ
Oil Rigs	877	-1.1%	16.8%
Gas Rigs	198	4.8%	10.0%
Vertical	70	-5.4%	9.4%
Horizontal	933	-0.1%	17.2%
Directional	72	5.9%	1.4%



	Price	W-o-W Δ	Y-o-Y Δ	\$/MMBtu
Natural Gas (\$/MMBtu)	\$4.124	-\$0.35	53.7%	\$4.12
WTI Crude Oil (\$/bbl)	\$52.58	-\$0.31	-7.8%	\$8.98
#2 Heating Oil (\$/gal)	\$1.88	-\$0.01	-1.7%	\$13.55

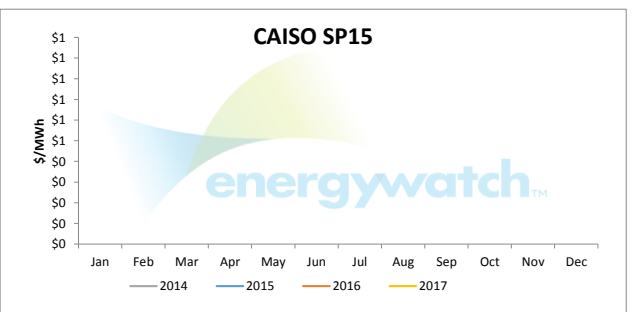
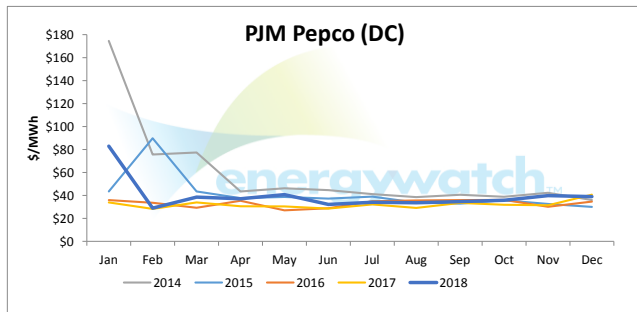
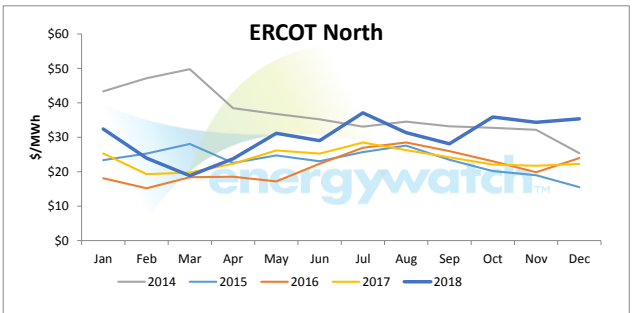
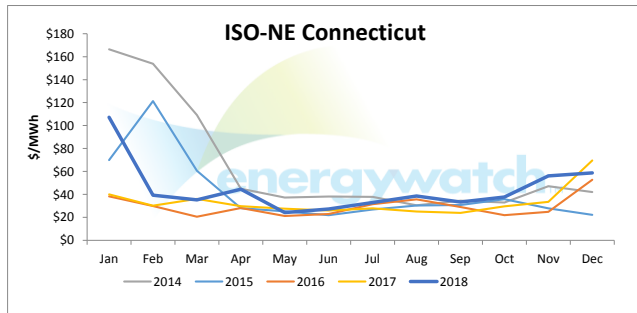
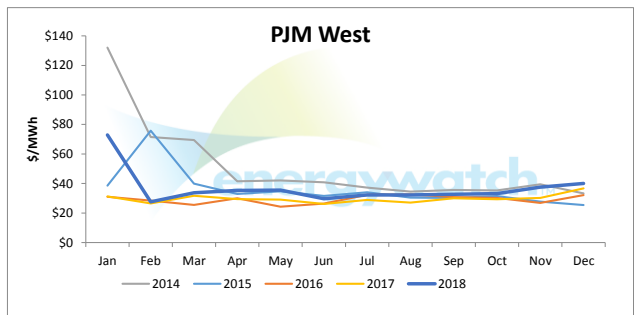
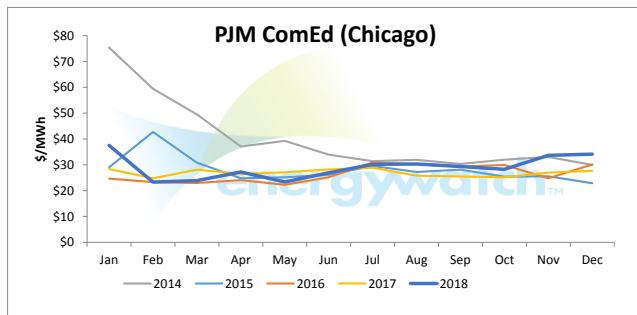
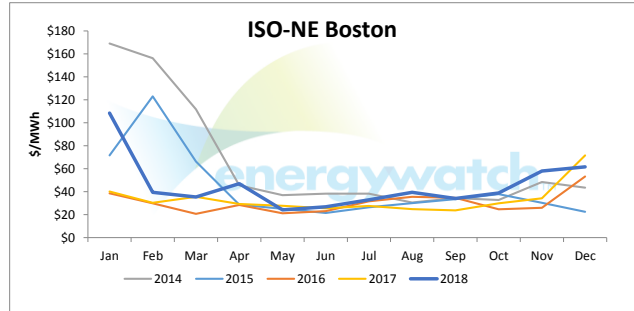
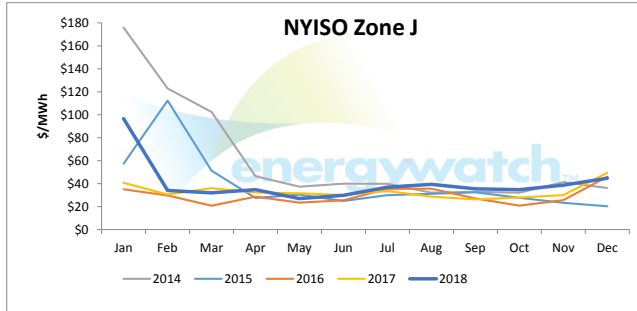
	Avg. Temp	Past 10 Weeks	Departure From Normal	CDD		HDD	
				CDD	HDD	CDD	HDD
Boston	30		-6	0	35		
Chicago	35		7	0	30		
Columbus	36		3	0	29		
Dallas	55		8	0	10		
Denver	36		7	0	29		
Detroit	33		4	0	32		
Hartford	29		0	0	36		
Houston	60		6	0	5		
Indianapolis	40		8	0	25		
Las Vegas	53		5	0	12		
Los Angeles	62		5	0	3		
Miami	68		-3	4	1		
Minneapolis	27		6	0	38		
New York City	38		-2	0	27		
Philadelphia	39		1	0	26		
Phoenix	57		1	0	9		
Salt Lake City	30		0	0	35		
San Diego	60		3	0	6		
San Francisco	54		3	0	11		
Seattle	46		6	0	19		
St. Louis	43		8	0	22		
Washington D.	37		0	0	28		



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2014 - 2018 YTD Locational Marginal Pricing (LMPs)



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