

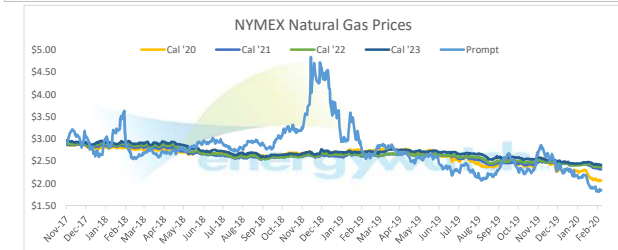
Week Ending: 2/7/2020

Weekly Update:

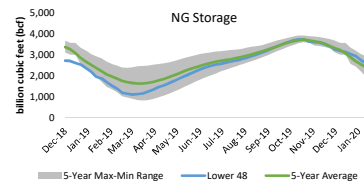
The March 2020 natural gas contract is trading up \$0.03 at \$1.82/MMBtu and the crude oil contract is up \$1.31 at \$51.25/BBL as of February 12, 2020. As the weather is expected to get colder by the end of the week in much of the Mid-Continent, including several major cities throughout the East Coast, the heating demand will rise. Due to the shift in weather, prices have gone up slightly. EIA predicts that prices will rise in the second quarter of 2020, due to the U.S. natural gas production declining and natural gas use for power generation increasing the demand for gas. It's expected that prices will average out to \$2.36/MMBtu during the third quarter of 2020.

Gas storage for this week is currently at 2,494Bcf, a weekly change of 7%. Comparing this to a year ago, gas storage was at 1,893Bcf with a difference of 31.7% and the 5-year average being at 2,279Bcf presents a difference of 9.4%. In regards to the daily power index ATC prices, there has been nothing above \$40 in weeks! The index price is based on supply and demand so, it can be advantageous because they allow you to avoid the price premium. Index prices offer more flexibility to take advantage of market lows until the market conditions are more beneficial to lock in a long-term contract with a fixed price. LNG exports are down slightly over the concern about the corona-virus impacting exports to China. Meanwhile, NG production is recovering with very few freeze-offs this year as compared to previous years.

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.

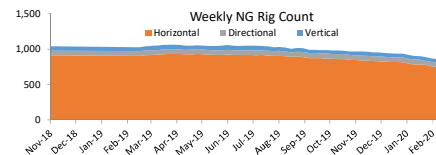


Natural Gas Storage Week Ending 2/7/2020	
Current Week Stocks (bcf)	2,494
Previous Week Stocks (bcf)	2,609
Implied Net Change (bcf)	-115
Expected Net Change (bcf)	-108
Variance (bcf)	-7
Year-Ago Stocks (bcf)	1,893
Variance vs Prev. Year (%)	31.7%
5-Year Average (bcf)	2,279
Variance vs 5-YR Avg (%)	9.4%

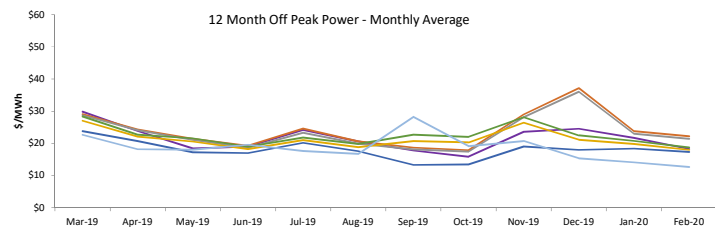
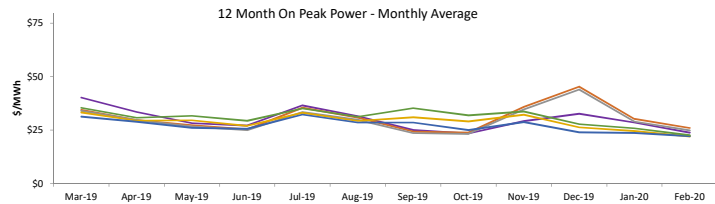


	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$1.826	0.3%	-30.6%
12-Month	\$2.152	0.3%	-23.9%
24-Month	\$2.264	0.4%	-18.3%
Cal 20	\$2.069	0.3%	-24.4%
Cal 21	\$2.362	0.5%	-10.6%
Cal 22	\$2.416	0.4%	-8.9%

Week Ending:	2/7/2020	W-o-W Δ
Oil Rigs	676	-4.8%
Gas Rigs	111	-22.9%
Vertical	51	-1.9%
Horizontal	752	0.4%
Directional	57	5.6%

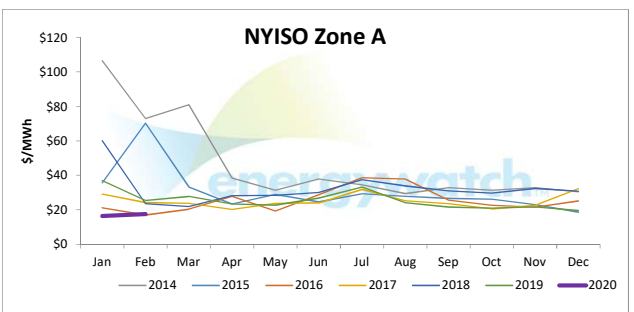
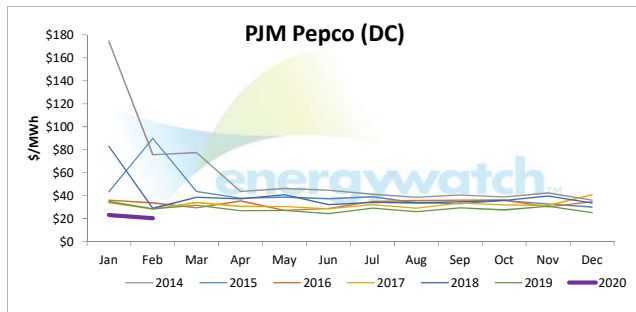
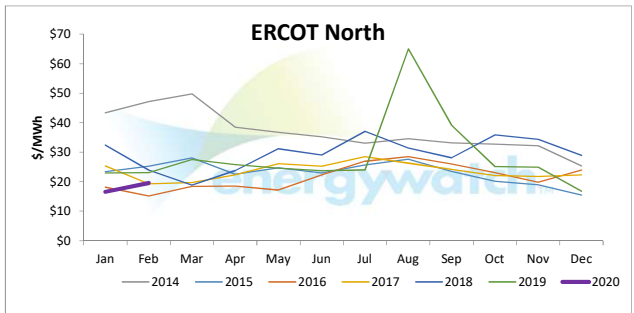
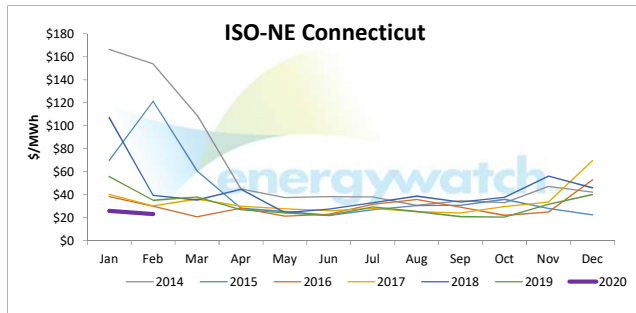
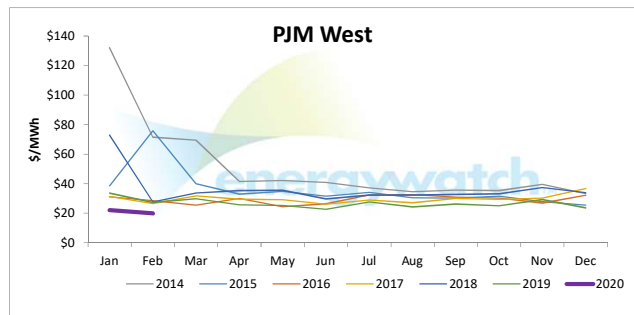
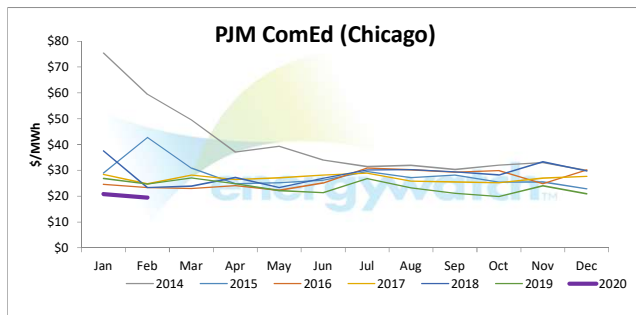
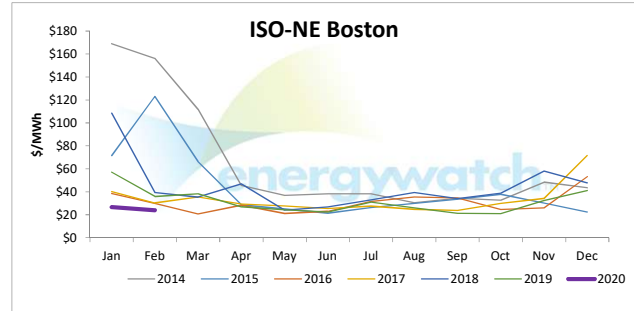
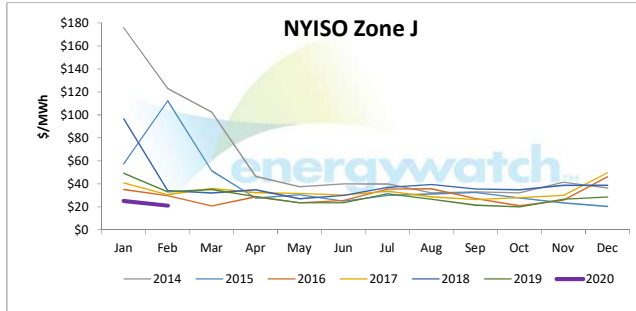


	Avg. Temp	Past 10 Weeks	Departure From Normal	CDD	HDD
Boston	40		10	0	25
Chicago	32		4	0	33
Columbus	32		1	0	33
Dallas	43		-5	0	22
Denver	24		-8	0	41
Detroit	31		4	0	34
Hartford	39		0	0	25
Houston	53		-2	0	12
Indianapolis	32		1	0	33
Las Vegas	52		-1	0	13
Los Angeles	57		0	0	7
Miami	78		9	13	0
Minneapolis	9		-3	0	56
New York City	40		6	0	25
Philadelphia	40		7	0	25
Phoenix	55		-6	0	10
Salt Lake City	35		3	0	30
San Diego	56		-1	0	8
San Francisco	55		4	0	10
Seattle	45		1	0	19
St. Louis	34		-1	0	30
Washington D.C.	42		8	0	23



Week Ending: 2/7/2020

2014 - 2020 YTD Locational Marginal Pricing (LMPs)



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