



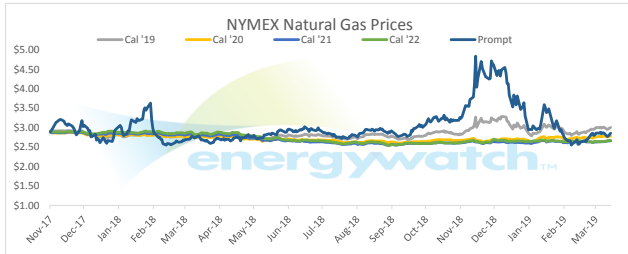
Week Ending: 3/14/2019

Weekly Update:

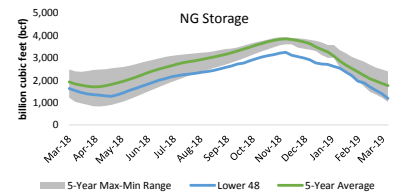
The front month natural gas contract closed yesterday at \$2.855/MMBtu, the highest closing price for this week so far. Stockpiles decreased by 204 bcf while the market expected a 208 bcf withdrawal. Direct Energy's *Market Intelligence Update* stated that this was the largest March withdrawal in five years and more than twice as much as the 88 bcf pull last year and the 99 bcf five-year average draw for the same week. "There are two or three withdrawals left before the injection season begins, and deficits to historical averages are expected to continue into the summer" (Direct Energy). The total working gas in storage currently stands at 1,755 bcf.

EIA's *Short-Term Energy Outlook* stated that the Henry Hub spot price averaged \$2.69/MMBtu this past February, down 42 cents from January. "NYMEX futures and options contract values for June 2019 delivery traded during the five-day period ending March 7, 2019, suggest a range of \$2.40/MMBtu to \$3.51/MMBtu encompasses the market expectation for June 2019 Henry Hub natural gas prices at the 95% confidence level" (EIA). Natural gas prices are expected to average \$2.85/MMBtu in 2019, which is 30 cents below 2018's price. The production of natural gas in the U.S. is expected to average 90.7 bcf/d in 2019, up 7.4 bcf/d from 2018, and will continue to rise to an average of 92.0 bcf/d in 2020 (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 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 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.

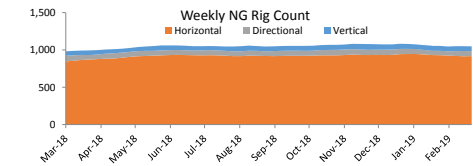


Natural Gas Storage Week Ending 3/8/2019	
Current Week Stocks (bcf)	1,186
Previous Week Stocks (bcf)	1,390
Implied Net Change (bcf)	-204
Expected Net Change (bcf)	-208
Variance (bcf)	4
Year-Ago Stocks (bcf)	1,545
Variance vs Prev. Year (%)	-23.2%
5-Year Average (bcf)	1,755
Variance vs 5-YR Avg (%)	-32.4%



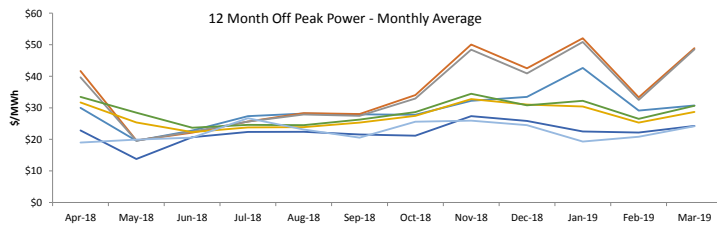
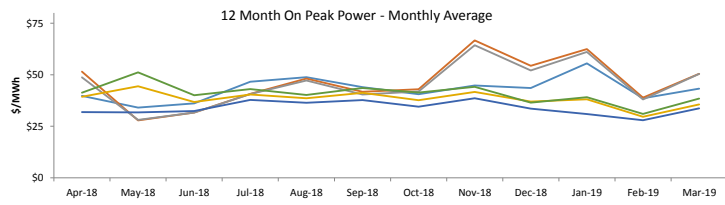
	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$2.855	1.2%	7.0%
12-Month	\$2.980	0.3%	4.2%
24-Month	\$2.851	0.3%	1.0%
Cal 19	\$2.994	0.3%	6.8%
Cal 20	\$2.774	0.1%	0.6%
Cal 21	\$2.660	0.4%	-5.2%
Cal 22	\$2.671	0.6%	-6.5%

Week Ending:	3/8/2019	W-o-W Δ
Oil Rigs	834	-1.1%
Gas Rigs	193	-1.0%
Vertical	48	-7.7%
Horizontal	904	-0.8%
Directional	68	-1.6%



	Price	W-o-W Δ	Y-o-Y Δ	\$/MMBtu
Natural Gas (\$/MMBtu)	\$2.855	1.2%	7.0%	\$2.86
WTI Crude Oil (\$/bbl)	\$58.61	\$2.39	-4.2%	\$10.01
#2 Heating Oil (\$/gal)	\$1.96	-\$0.06	3.6%	\$14.16

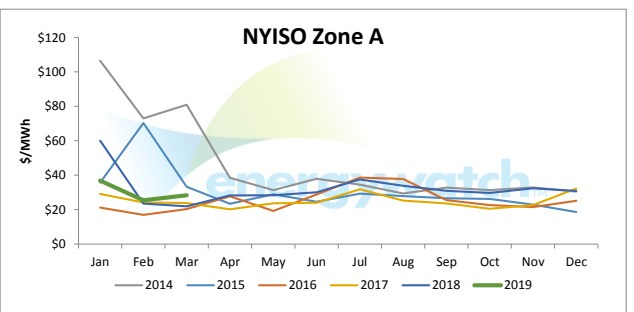
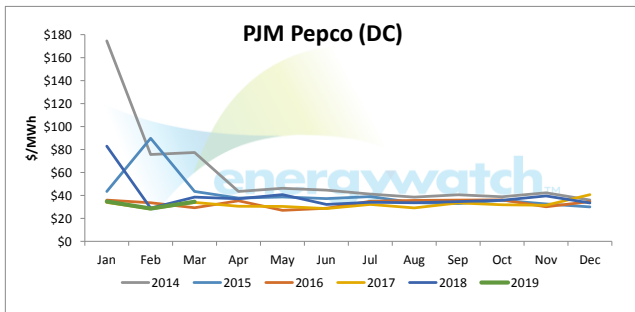
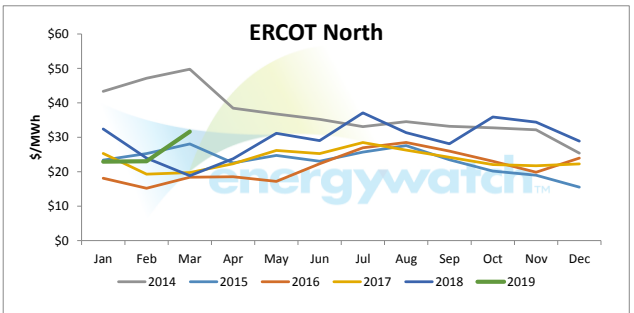
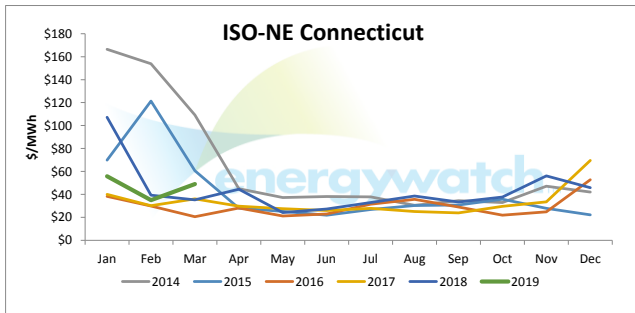
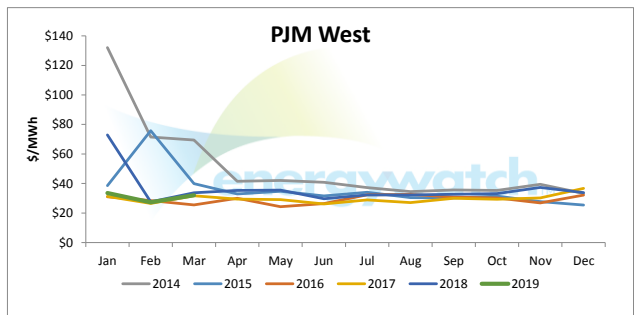
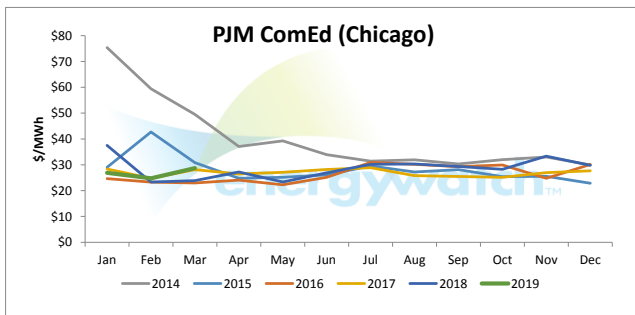
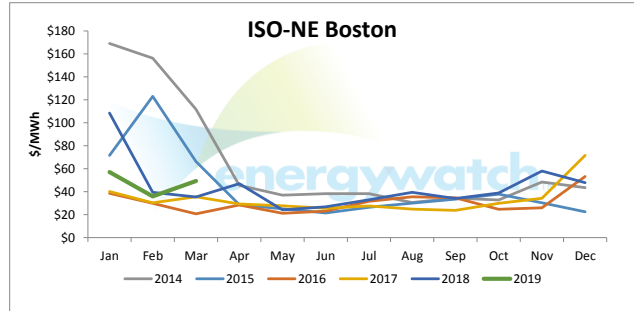
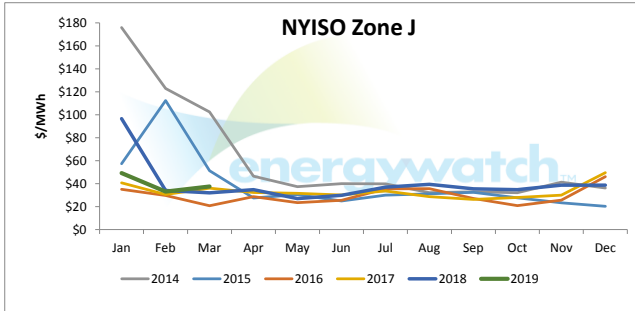
	Avg. Temp	Past 10 Weeks	Departure From Normal	CDD		HDD	
				CDD	HDD	CDD	HDD
Boston	39	2	2	0	26		
Chicago	50	13	13	0	15		
Columbus	56	16	16	0	9		
Dallas	59	2	2	0	6		
Denver	29	-11	-11	0	36		
Detroit	50	16	16	0	15		
Hartford	41	0	0	0	24		
Houston	69	7	7	4	0		
Indianapolis	58	16	16	0	8		
Las Vegas	53	-7	-7	0	12		
Los Angeles	61	3	3	0	4		
Miami	78	5	5	13	0		
Minneapolis	39	8	8	0	26		
New York City	44	3	3	0	21		
Philadelphia	47	4	4	0	18		
Phoenix	57	-8	-8	0	8		
Salt Lake City	35	-8	-8	0	30		
San Diego	60	1	1	0	5		
San Francisco	54	-1	-1	0	11		
Seattle	45	-2	-2	0	20		
St. Louis	56	10	10	0	9		
Washington D.C.	49	6	6	0	16		



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2014 - 2019 YTD Locational Marginal Pricing (LMPs)



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