



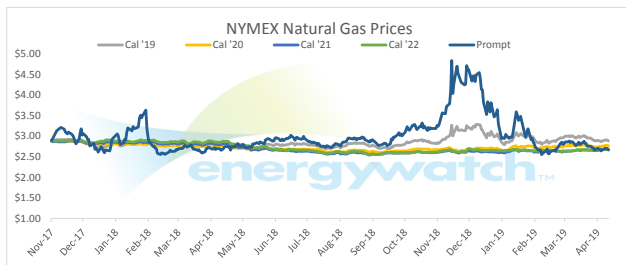
Week Ending: 4/11/2019

**Weekly Update:**

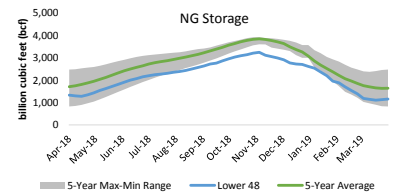
The front month natural gas contract traded on the NYMEX closed on Thursday at \$2.664/MMBtu, which is the lowest closing price for the week thus far. Storage levels increased by 25 bcf, slightly lower than the 33 bcf injection expected by analysts. The same week last year saw an injection of 20 bcf and the five-year average is 5 bcf. This marks the second injection of the year, with the deficits to both last year and the five-year average already shrinking. The total 1,155 bcf currently in storage is 13.7% below last year and 29.6% below the five-year average. EIA's *Short-Term Energy Outlook* released on April 9<sup>th</sup> stated "EIA forecasts that natural gas storage injections will outpace the previous five-year average during the April-through-October injection season and that inventories will reach 3,700 bcf at the end of October, which would be 13% higher than October 2018 levels but 1% lower than the five-year average."

Most of the U.S. saw colder than normal temperatures in March, which resulted in the natural gas spot price to increase 26 cents from February, averaging \$2.95/MMBtu. Strong growth in U.S. natural gas production is expected to put downward pressure on prices in both 2019 and 2020. Henry Hub natural gas prices are estimated to average \$2.82/MMBtu in 2019 which is 33 cents lower than 2018 and the 2020 spot price is forecasted to be \$2.77/MMBtu (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.

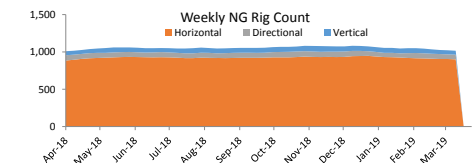


| Natural Gas Storage        |        |
|----------------------------|--------|
| Week Ending 4/5/2019       |        |
| Current Week Stocks (bcf)  | 1,155  |
| Previous Week Stocks (bcf) | 1,130  |
| Implied Net Change (bcf)   | 25     |
| Expected Net Change (bcf)  | 33     |
| Variance (bcf)             | -8     |
| Year-Ago Stocks (bcf)      | 1,338  |
| Variance vs Prev. Year (%) | -13.7% |
| 5-Year Average (bcf)       | 1,640  |
| Variance vs 5-YR Avg (%)   | -29.6% |



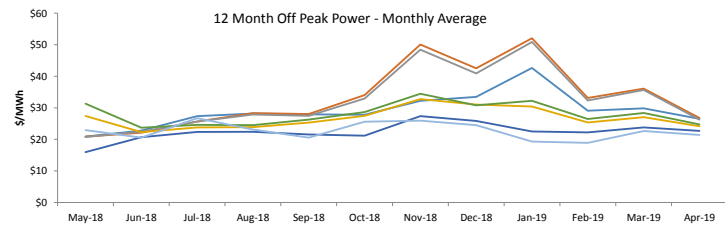
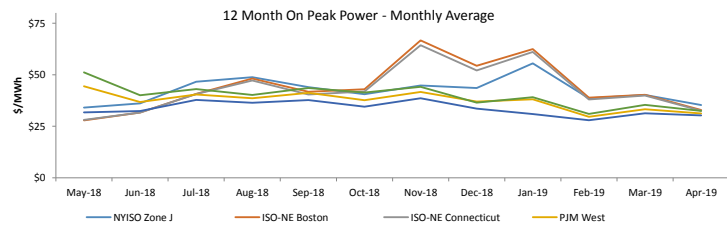
|              | \$/MMBtu | W-o-W Δ | Y-o-Y Δ |
|--------------|----------|---------|---------|
| Prompt Month | \$2.664  | -0.7%   | -2.6%   |
| 12-Month     | \$2.847  | -0.4%   | -0.7%   |
| 24-Month     | \$2.787  | -0.1%   | -1.2%   |
| Cal 19       | \$2.882  | -0.4%   | 3.1%    |
| Cal 20       | \$2.768  | 0.1%    | 0.0%    |
| Cal 21       | \$2.679  | 0.1%    | -4.7%   |
| Cal 22       | \$2.675  | -0.1%   | -6.8%   |

| Week Ending: | 4/5/2019 | W-o-W Δ |
|--------------|----------|---------|
| Oil Rigs     | 831      | 1.8%    |
| Gas Rigs     | 194      | 2.1%    |
| Vertical     | 46       | 2.2%    |
| Horizontal   | 901      | 1.1%    |
| Directional  | 64       | 1.6%    |



|                         | Price   | W-o-W Δ | Y-o-Y Δ | \$/MMBtu |
|-------------------------|---------|---------|---------|----------|
| Natural Gas (\$/MMBtu)  | \$2.664 | \$0.00  | -2.6%   | \$2.66   |
| WTI Crude Oil (\$/bbl)  | \$63.58 | \$1.12  | -5.7%   | \$10.86  |
| #2 Heating Oil (\$/gal) | \$2.07  | \$0.06  | -1.6%   | \$14.93  |

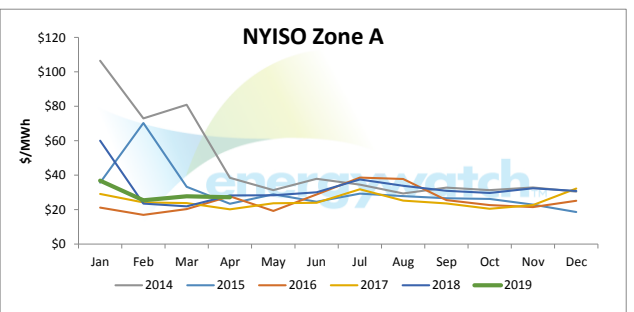
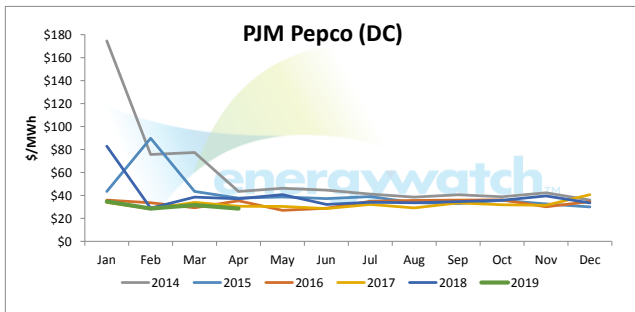
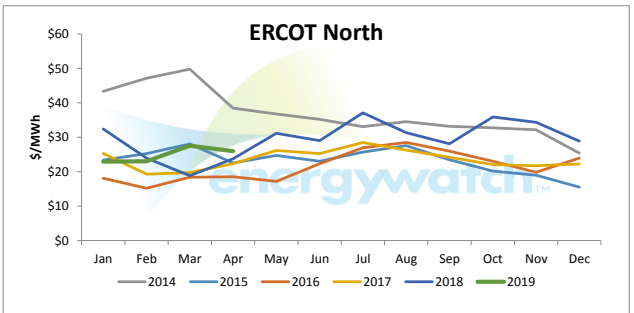
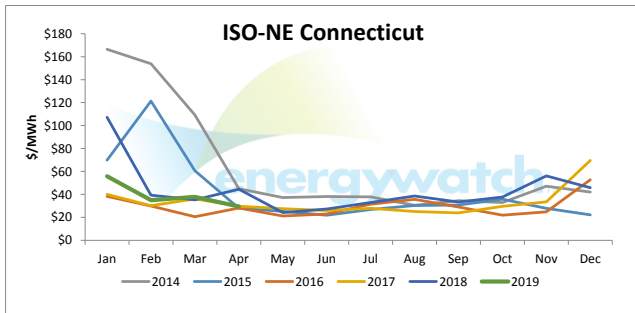
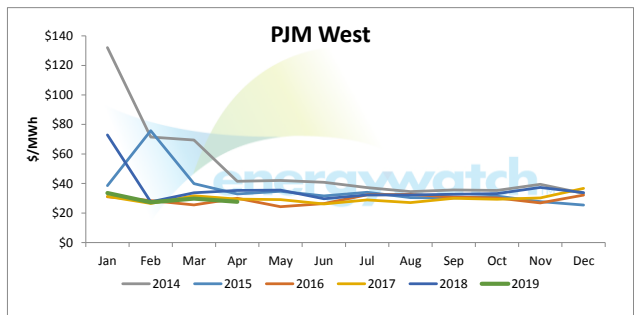
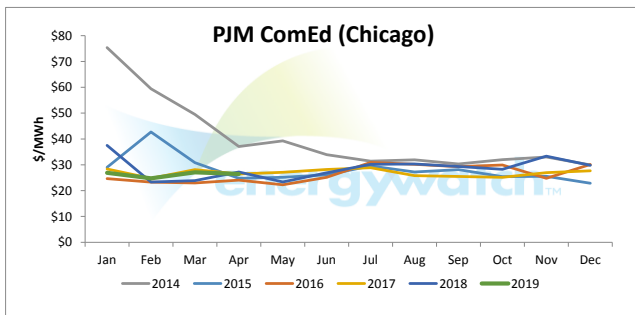
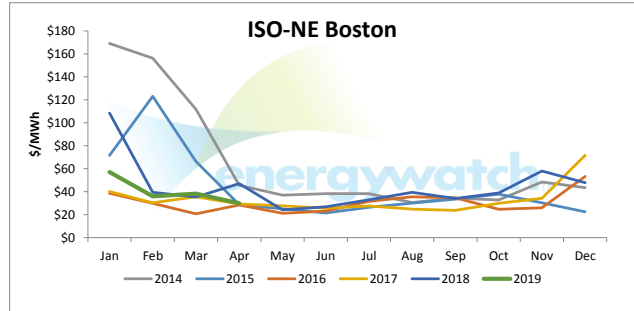
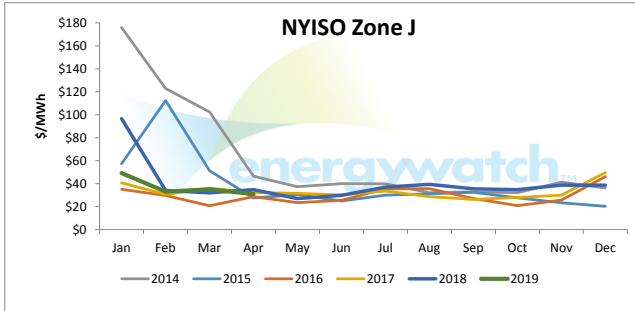
|                 | Avg. Temp | Past 10 Weeks | Departure From Normal | CDD |     | HDD |     |
|-----------------|-----------|---------------|-----------------------|-----|-----|-----|-----|
|                 |           |               |                       | CDD | HDD | CDD | HDD |
| Boston          | 43        |               | -4                    | 0   | 22  |     |     |
| Chicago         | 42        |               | -6                    | 0   | 23  |     |     |
| Columbus        | 55        |               | 5                     | 0   | 10  |     |     |
| Dallas          | 70        |               | 6                     | 7   | 2   |     |     |
| Denver          | 31        |               | -15                   | 0   | 34  |     |     |
| Detroit         | 43        |               | -2                    | 0   | 22  |     |     |
| Hartford        | 44        |               | 0                     | 0   | 22  |     |     |
| Houston         | 74        |               | 5                     | 9   | 0   |     |     |
| Indianapolis    | 59        |               | 7                     | 0   | 6   |     |     |
| Las Vegas       | 65        |               | -2                    | 1   | 1   |     |     |
| Los Angeles     | 68        |               | 8                     | 3   | 0   |     |     |
| Miami           | 78        |               | 2                     | 13  | 0   |     |     |
| Minneapolis     | 32        |               | -13                   | 0   | 33  |     |     |
| New York City   | 49        |               | -2                    | 0   | 17  |     |     |
| Philadelphia    | 53        |               | 1                     | 0   | 12  |     |     |
| Phoenix         | 68        |               | -4                    | 3   | 0   |     |     |
| Salt Lake City  | 43        |               | -7                    | 0   | 22  |     |     |
| San Diego       | 64        |               | 3                     | 0   | 1   |     |     |
| San Francisco   | 57        |               | 1                     | 0   | 8   |     |     |
| Seattle         | 50        |               | 0                     | 0   | 15  |     |     |
| St. Louis       | 66        |               | 10                    | 1   | 0   |     |     |
| Washington D.C. | 55        |               | 2                     | 0   | 10  |     |     |



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2014 - 2019 YTD Locational Marginal Pricing (LMPs)



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