



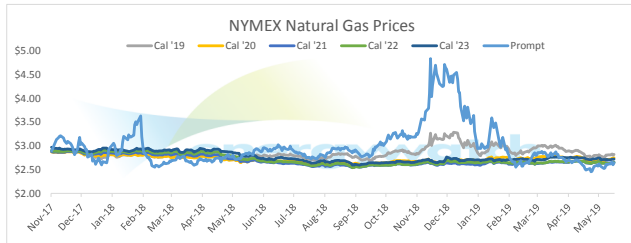
Week Ending: 5/16/2019

Weekly Update:

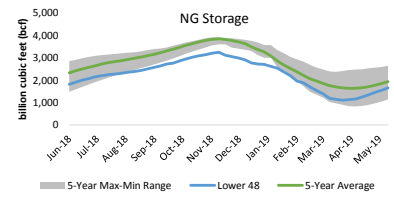
Front month natural gas closed yesterday at \$2.639/MMBtu and did not see much movement the past week. Natural gas stockpiles grew by 106 bcf compared to the expected 104 bcf by market analysts. The total 1,653 bcf currently in storage is 8.5% above last year's level but 14.7% below the five-year average. Constellation New Energy's *Energy Market Intelligence Webinar* stated that injections have averaged 83 bcf/week since April 1st and are on pace to reach 3,700 bcf by October 31st. "The shoulder-month period has allowed for robust injections into storage but forward basis for next winter is awaiting to see how production grows and how the storage deficit to the five-year average narrows" (Constellation).

EIA expected that U.S. wind capacity additions in 2019 will total 12.7 GW. This would exceed the annual capacity additions for the last six years but fall short of the record 13.3 GW of wind capacity added in 2012 (EIA). On the contrary, U.S. coal stockpiles decreased to 98.7 million tons in February 2019, which is their lowest value in more than a decade due to retired plants. Coal stockpiles are expected to remain relatively low throughout 2019 but "coal is expected to be the second-highest fuel for electricity generation in 2019, providing 996 million megawatthours, or 24% of total electricity generation, second only to natural gas at 1,505 million megawatthours (37%)" (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.

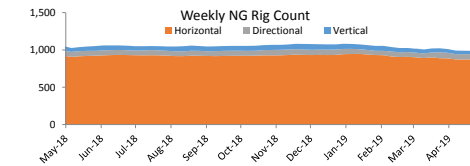


Natural Gas Storage Week Ending 5/10/2019	
Current Week Stocks (bcf)	1,653
Previous Week Stocks (bcf)	1,547
Implied Net Change (bcf)	106
Expected Net Change (bcf)	104
Variance (bcf)	2
Year-Ago Stocks (bcf)	1,523
Variance vs Prev. Year (%)	8.5%
5-Year Average (bcf)	1,939
Variance vs 5-YR Avg (%)	-14.7%

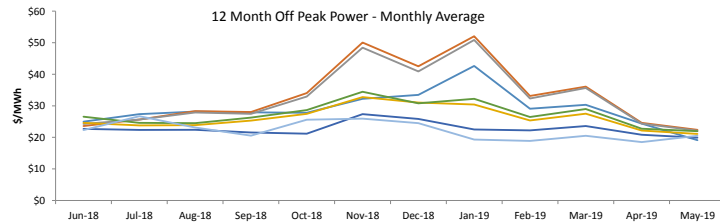
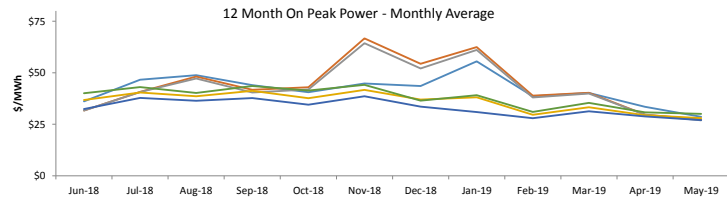


	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$2.639	0.8%	-7.6%
12-Month	\$2.771	0.7%	-4.4%
24-Month	\$2.740	0.8%	-2.4%
Cal 19	\$2.822	0.4%	2.1%
Cal 20	\$2.745	0.9%	1.8%
Cal 21	\$2.659	0.6%	-1.3%
Cal 22	\$2.649	0.5%	-3.0%

Week Ending: 5/10/2019	W-o-W Δ
Oil Rigs	805 -0.2%
Gas Rigs	183 0.0%
Vertical	45 -2.2%
Horizontal	872 -0.1%
Directional	71 0.0%



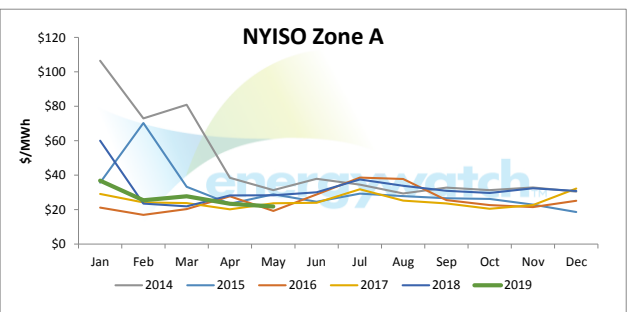
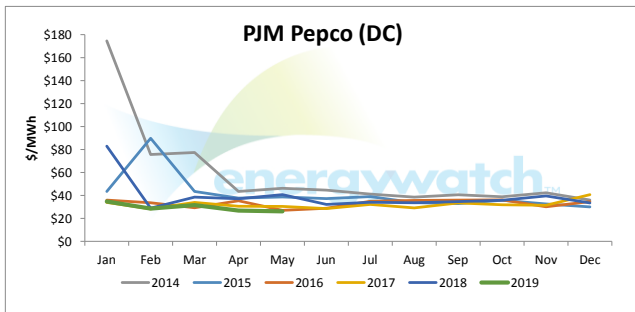
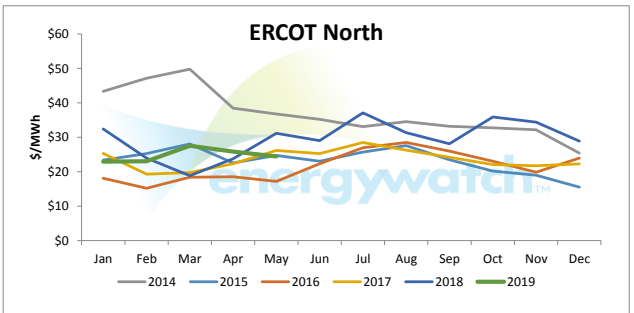
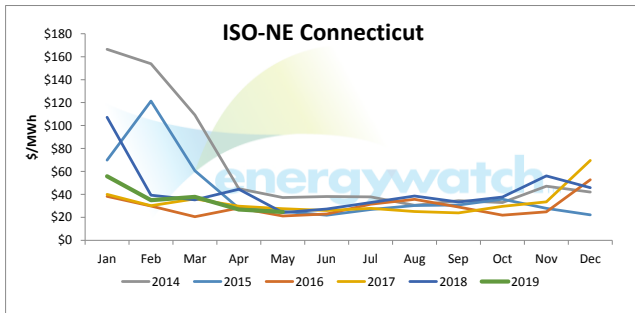
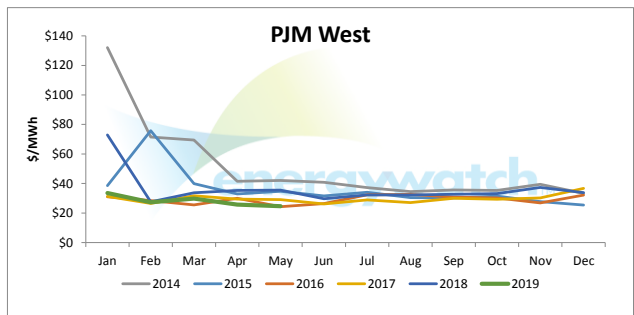
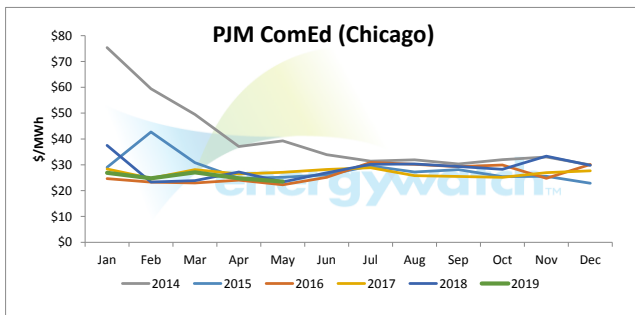
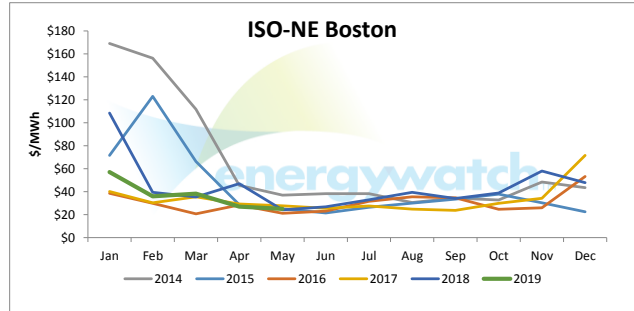
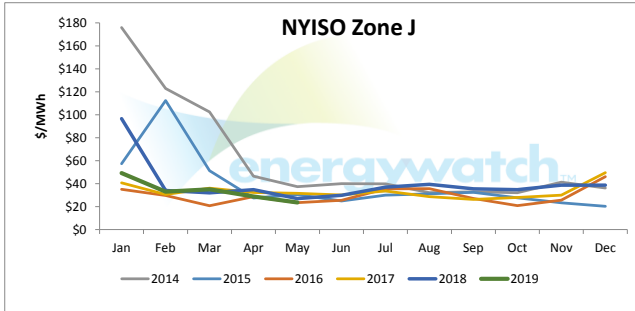
	Avg. Temp	Past 10 Weeks	Departure From Normal	CDD		HDD	
				CDD	HDD	CDD	HDD
Boston	56		-2	0	9		
Chicago	66		6	2	1		
Columbus	61		0	0	4		
Dallas	76		2	11	0		
Denver	66		9	1	0		
Detroit	63		5	0	3		
Hartford	57		0	0	8		
Houston	76		-1	12	0		
Indianapolis	63		1	1	2		
Las Vegas	81		4	16	0		
Los Angeles	64		1	0	2		
Miami	81		1	17	0		
Minneapolis	67		8	3	0		
New York City	61		-1	0	4		
Philadelphia	63		-1	1	3		
Phoenix	85		3	21	0		
Salt Lake City	68		8	4	1		
San Diego	65		1	0	0		
San Francisco	58		-1	0	7		
Seattle	60		4	0	5		
St. Louis	73		7	9	0		
Washington D.C.	61		-2	0	4		



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2014 - 2019 YTD Locational Marginal Pricing (LMPs)



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