



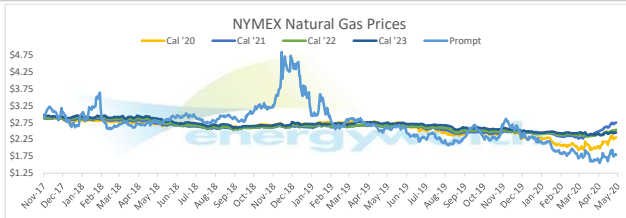
Week Ending: 5/22/2020

**Weekly Update:**

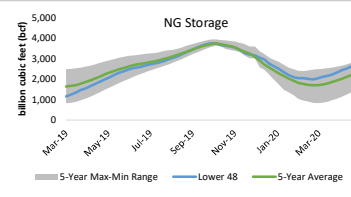
The new prompt-month July '20 NYMEX natural gas contract is trading at \$1.84 while the July crude oil contract is trading at \$32.60. The EIA reported an additional 109 Bcf to natural gas storage inventories in the weekly storage report for the week ending May 22<sup>nd</sup>. This is just below last year's 110 Bcf and above the five-year average of 93 Bcf. During the third full week of May, overall energy use in NYC averaged between 14-15% below typical demand levels according to NYISO. The electricity system still must be prepared to meet peak load conditions even if average demand is typically far less. As summer temperatures rise and cooling demand follows, expect seasonal injections to peak in the coming week or two followed by a steady decline as the heat increases through July and August.

U.S. workers filed 2.1 million jobless claims last week which is extending its downward trend but obviously remains much higher than before coronavirus. S&P 500 futures jump on optimism about economies reopening and the potential development of a coronavirus vaccine. On Tuesday, the Dow rose about 600 points on signs of economic activity resuming faster than some had expected in the U.S. and elsewhere in the world. The hopefulness of investors drove stock higher.

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.

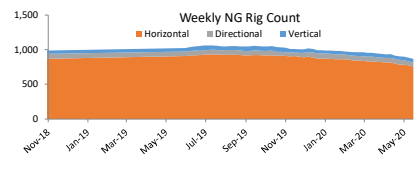


Natural Gas Storage Week Ending 5/22/2020	
Current Week Stocks (bcf)	2,612
Previous Week Stocks (bcf)	2,503
Implied Net Change (bcf)	109
Expected Net Change (bcf)	103
Variance (bcf)	6
Year-Ago Stocks (bcf)	1,834
Variance vs Prev. Year (%)	42.4%
5-Year Average (bcf)	2,189
Variance vs 5-YR Avg (%)	19.3%

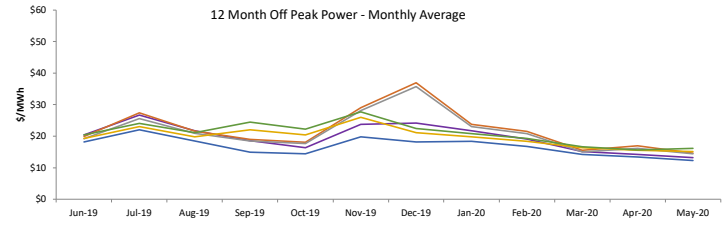
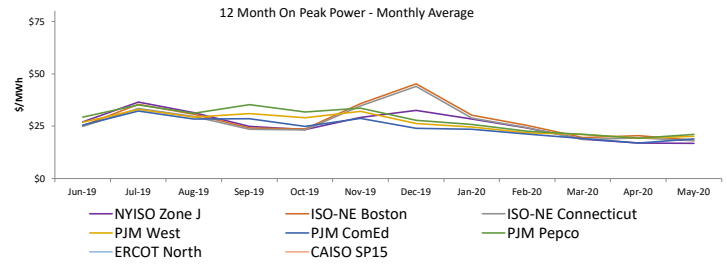


	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
<b>Prompt Month</b>	\$1.827	4.5%	-25.0%
<b>12-Month</b>	\$2.416	1.0%	-6.6%
<b>24-Month</b>	\$2.495	0.0%	-4.6%
<b>Cal 20</b>	\$2.150	0.2%	-18.4%
<b>Cal 21</b>	\$2.642	-0.6%	0.1%
<b>Cal 22</b>	\$2.489	0.0%	-5.5%

Week Ending:	5/22/2020	W-o-W Δ
Oil Rigs	237	-68.4%
Gas Rigs	79	0.0%
Vertical	52	-93.1%
Horizontal	749	0.0%
Directional	54	-92.8%



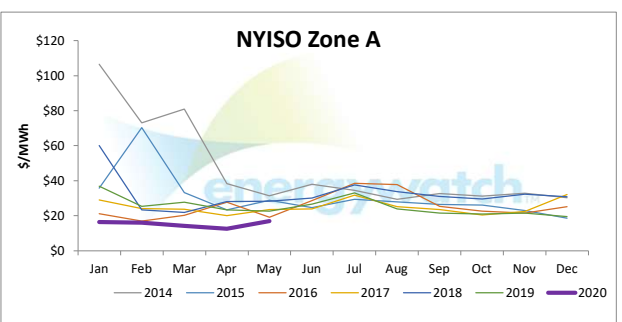
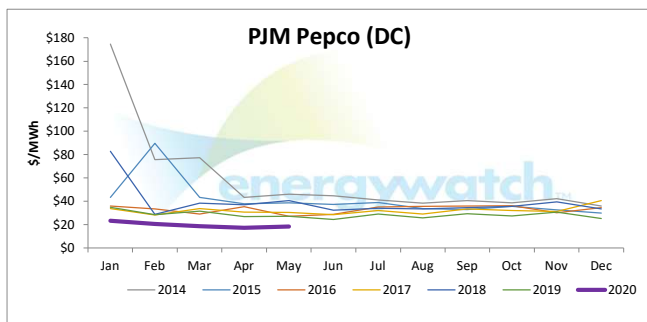
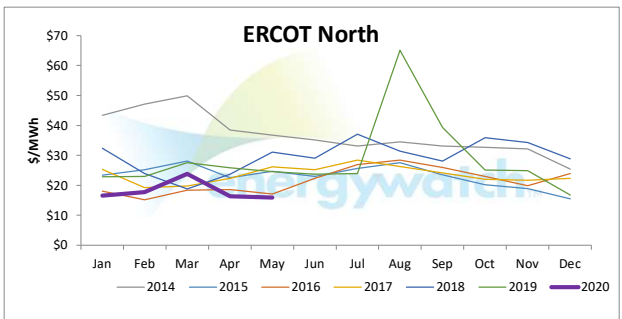
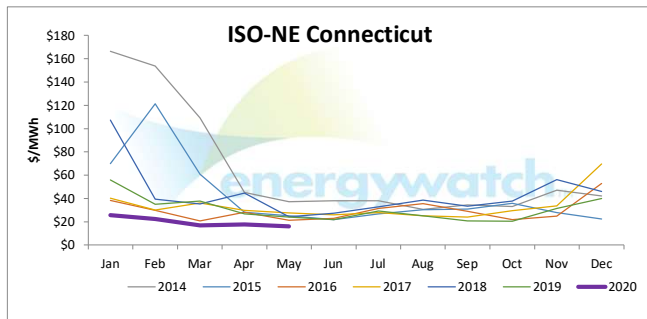
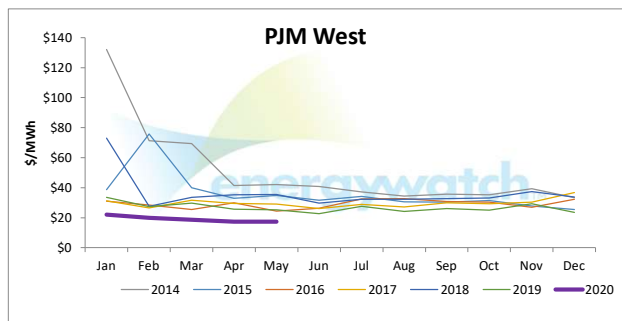
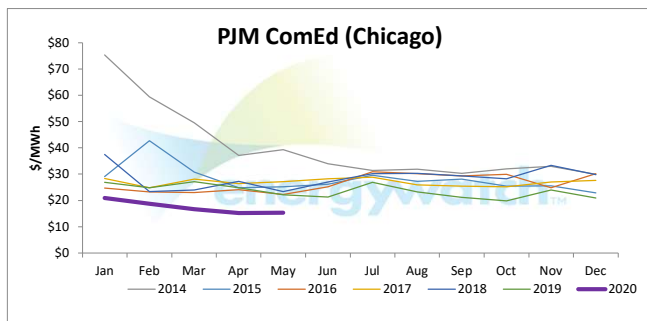
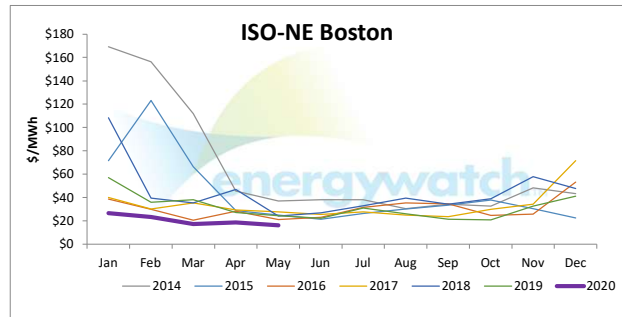
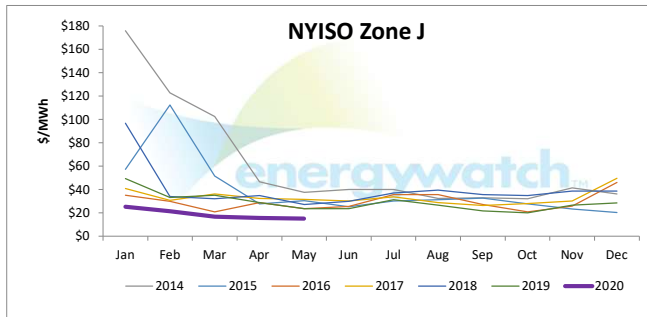
	Avg. Temp	Past 10 Weeks	Departure From Normal	CDD	HDD
Boston	72		10	7	0
Chicago	80		17	15	0
Columbus	78		13	13	0
Dallas	72		-5	7	0
Denver	61		-1	0	4
Detroit	75		14	10	0
Hartford	72		7	7	0
Houston	78		-2	13	0
Indianapolis	75		9	10	0
Las Vegas	93		12	28	0
Los Angeles	63		0	2	2
Miami	80		-2	15	0
Minneapolis	73		10	8	0
New York City	69		3	4	0
Philadelphia	72		5	7	0
Phoenix	91		5	26	0
Salt Lake City	74		10	9	0
San Diego	70		5	0	0
San Francisco	67		2	0	0
Seattle	62		0	3	0
St. Louis	71		1	6	0
Washington D.C.	71		4	6	0



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### 2014 - 2020 YTD Locational Marginal Pricing (LMPs)



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