



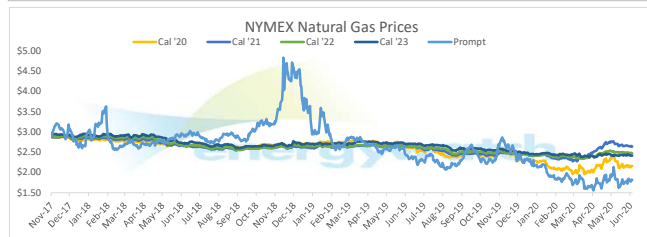
Week Ending: 5/29/2020

#### Weekly Update:

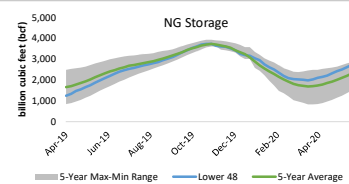
The Jul20 natural gas contract is trading flat to yesterday's close at \$1.82 and the Jul20 crude oil contract is down \$0.34 at \$36.95. Demand for natural gas is beginning to increase as the country gradually rallies and is expected to rise about 6.0 Bcf/d over the next two weeks. The majority of the demand increase is due to power burns in the Northeast as the heatwave continues. Meanwhile, supply has stagnated and is staying at about 87 Bcf/d. Another healthy storage report was released today at 2,714 Bcf for the week ending May 29, 2020. This represents a net increase of 102 Bcf from the previous week. Stocks were 762 Bcf higher than last year at this time and 422 Bcf above the five-year average of 2,292 Bcf. At 2,714 Bcf, total working gas is within the five-year historical range.

According to financial reports analyzed by the EIA global expenditures related to oil and natural gas exploration and development (E&D) increased \$42 billion (13%) for 102 publicly traded oil companies in 2019, totaling \$361 billion. As a result of significant crude oil price declines in 2020, global reserves are expected to be adjusted lower and E&D expenditures will also likely decline. Several companies have already announced big budget cuts. So, lower crude oil prices will mean less exploration and development.

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.

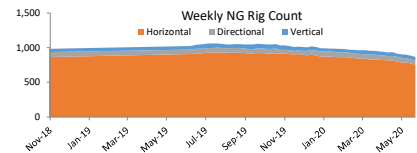


Natural Gas Storage Week Ending 5/29/2020	
Current Week Stocks (bcf)	2,714
Previous Week Stocks (bcf)	2,612
Implied Net Change (bcf)	102
Expected Net Change (bcf)	111
Variance (bcf)	-9
Year-Ago Stocks (bcf)	1,952
Variance vs Prev. Year (%)	39.0%
5-Year Average (bcf)	2,292
Variance vs 5-YR Avg (%)	18.4%

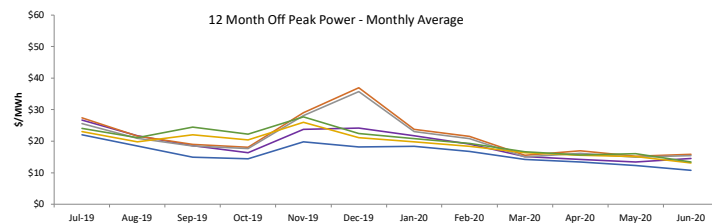
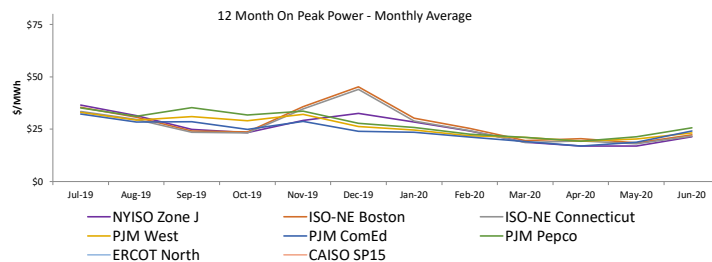


	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$1.822	0.7%	-22.7%
12-Month	\$2.431	0.4%	-3.6%
24-Month	\$2.493	-0.2%	-3.3%
Cal 20	\$2.164	0.7%	-17.1%
Cal 21	\$2.639	-0.4%	0.3%
Cal 22	\$2.469	-0.5%	-6.3%

Week Ending:	5/29/2020	W-o-W Δ
Oil Rigs	222	-3.7%
Gas Rigs	77	-1.4%
Vertical	52	0.0%
Horizontal	749	0.0%
Directional	54	0.0%



	Avg. Temp	Past 10 Weeks	Departure From Normal	CDD	HDD
Boston	68		4	3	0
Chicago	77		12	12	0
Columbus	79		12	14	0
Dallas	83		4	18	0
Denver	74		9	9	0
Detroit	78		14	13	0
Hartford	72		0	7	0
Houston	82		1	17	0
Indianapolis	78		10	13	0
Las Vegas	93		10	28	0
Los Angeles	70		6	5	0
Miami	81		-1	16	0
Minneapolis	73		8	8	0
New York City	73		4	8	0
Philadelphia	76		7	11	0
Phoenix	98		10	33	0
Salt Lake City	78		12	13	0
San Diego	73		8	8	0
San Francisco	74		12	9	0
Seattle	58		-1	0	7
St. Louis	82		10	17	0
Washington D.C.	80		11	15	0



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

