



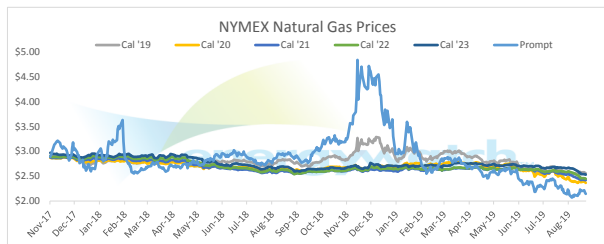
Week Ending: 8/22/2019

### Weekly Update:

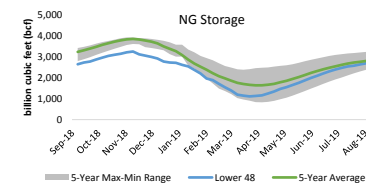
The front month natural gas contract traded on the NYMEX closed yesterday at \$2.159/MMBtu. For the week ending 8/16, stockpiles increased by 59 bcf, which was almost right in line with the 58 bcf expected injection. The total 2,797 bcf of natural gas currently in storage is only 64% of the total 4,373 bcf of storage capacity. The current storage number is also 15.2% above last year's level for this same week and 3.6% below the five-year average. Prices at the Transco Zone 6 pipeline, which services NYC, increased from \$1.92/MMBtu last Wednesday to \$2.05/MMBtu this past Wednesday.

Weather temperatures are expected to decrease next week, which will not put upward pressure on natural gas prices, and as a result, electricity prices. Cooling demand in the U.S. is expected to peak at 88 CDDs for this week, but fall to 66 CDDs by the end of August. Mild weather is expected in the fall and by mid-October-November, which is typically the beginning of the heating season, this could lead to sharp declines in natural gas and electricity prices.

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.

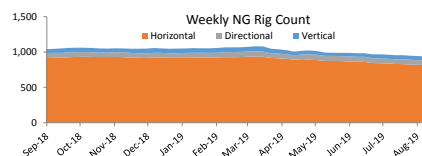


Natural Gas Storage Week Ending 8/16/2019	
Current Week Stocks (bcf)	2,797
Previous Week Stocks (bcf)	2,738
Implied Net Change (bcf)	59
Expected Net Change (bcf)	58
Variance (bcf)	1
Year-Ago Stocks (bcf)	2,428
Variance vs Prev. Year (%)	15.2%
5-Year Average (bcf)	2,900
Variance vs 5-YR Avg (%)	-3.6%

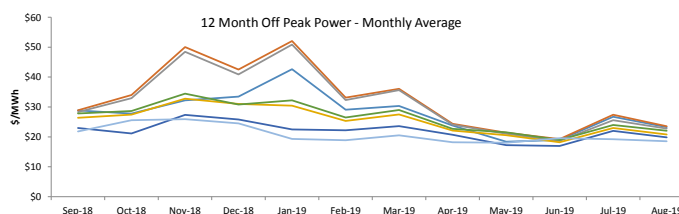
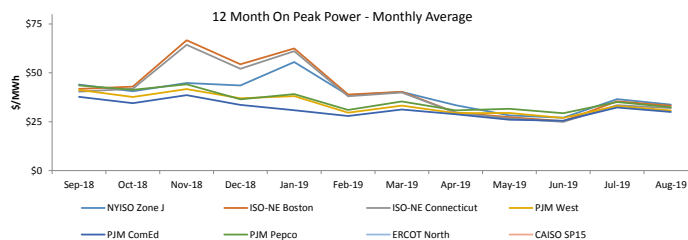


	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$2.159	-2.1%	-25.5%
12-Month	\$2.307	-1.7%	-19.1%
24-Month	\$2.359	-1.0%	-14.8%
Cal 19	\$2.557	-0.8%	-8.3%
Cal 20	\$2.366	-0.9%	-10.2%
Cal 21	\$2.421	-0.3%	-5.6%
Cal 22	\$2.447	-0.6%	-4.8%

Week Ending: 8/16/2019	W-o-W Δ
Oil Rigs	770 0.8%
Gas Rigs	165 -2.4%
Vertical	52 0.0%
Horizontal	815 -0.2%
Directional	68 4.6%



	Avg. Temp	Past 10 Weeks	Departure From Normal	CDD	HDD
Boston	79		7	14	0
Chicago	74		2	9	0
Columbus	76		3	11	0
Dallas	89		3	24	0
Denver	70		-1	6	0
Detroit	79		8	14	0
Hartford	77			12	0
Houston	88		3	23	0
Indianapolis	77		2	12	0
Las Vegas	94			29	0
Los Angeles	71			6	0
Miami	85			20	0
Minneapolis	68		-3	3	0
New York City	85		9	20	0
Philadelphia	84		7	19	0
Phoenix	100		6	35	0
Salt Lake City	83		7	18	0
San Diego	72			7	0
San Francisco	70			5	0
Seattle	65			0	0
St. Louis	81		2	16	0
Washington D.C.	81		5	16	0



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## 2014 - 2019 YTD Locational Marginal Pricing (LMPs)

