



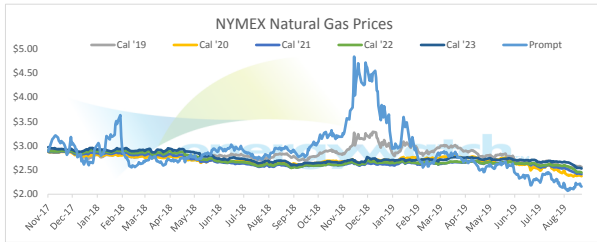
Week Ending: 8/23/2019

Weekly Update:

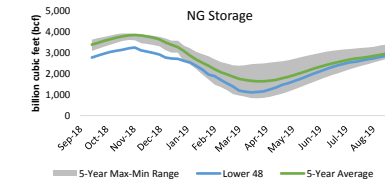
The front month natural gas contract closed yesterday at \$2.296/MMBtu. Natural gas storage increased by 60 bcf, compared to the 57 bcf injection expected by market analysts. The total 2,857 bcf in storage is 14.6% above last year's level for this same week and 3.4% below the five-year average. Temperatures fell this past week causing prices in the Northeast to decrease. At the Transco Zone 6 hub, which services NYC, natural gas prices fell from \$2.05/MMBtu last Wednesday to \$1.79/MMBtu this past Wednesday.

Exports to Mexico are expected to increase after Mexico's utility announced on Tuesday that contracts have been renegotiated with three pipeline companies. In July, LNG exports set a new record by averaging 6 bcf/d, which is 7% of the total U.S. dry natural gas production. Then, U.S. LNG exports decreased slightly, with only 30 bcf of carrying capacity departing the U.S. between August 22nd and 28th but exports are expected to increase as new LNG facilities come online (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.

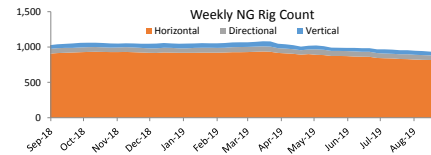


Natural Gas Storage	
Week Ending 8/23/2019	
Current Week Stocks (bcf)	2,857
Previous Week Stocks (bcf)	2,797
Implied Net Change (bcf)	60
Expected Net Change (bcf)	57
Variance (bcf)	3
Year-Ago Stocks (bcf)	2,494
Variance vs Prev. Year (%)	14.6%
5-Year Average (bcf)	2,957
Variance vs 5-YR Avg (%)	-3.4%

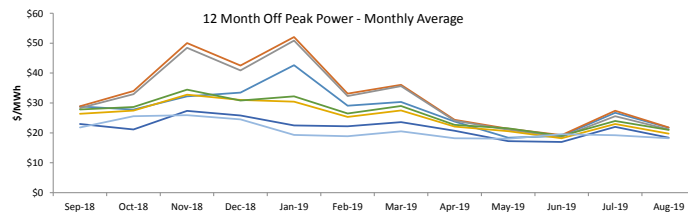
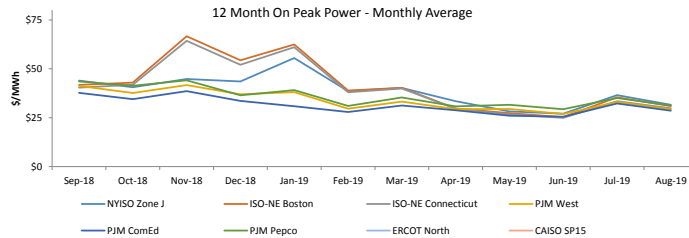


	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$2.296	4.5%	-19.7%
12-Month	\$2.392	2.3%	-14.5%
24-Month	\$2.427	1.8%	-10.9%
Cal 19	\$2.597	1.0%	-5.7%
Cal 20	\$2.416	1.1%	-7.9%
Cal 21	\$2.473	1.6%	-3.4%
Cal 22	\$2.519	1.7%	-1.4%

Week Ending:	8/23/2019	W-o-W Δ
Oil Rigs	754	-2.1%
Gas Rigs	162	-1.8%
Vertical	50	-3.8%
Horizontal	797	-2.2%
Directional	69	1.5%



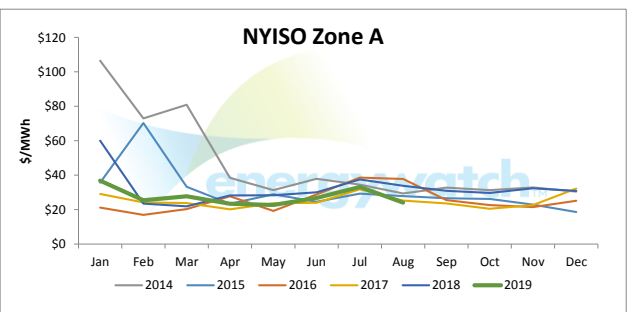
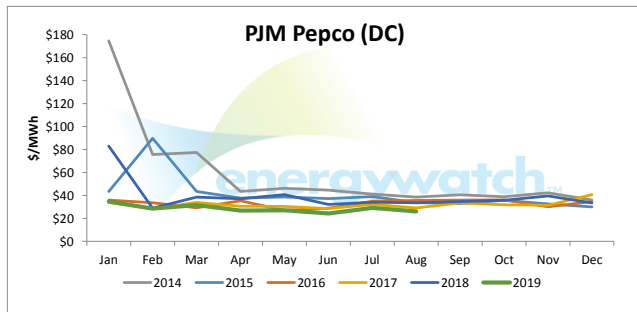
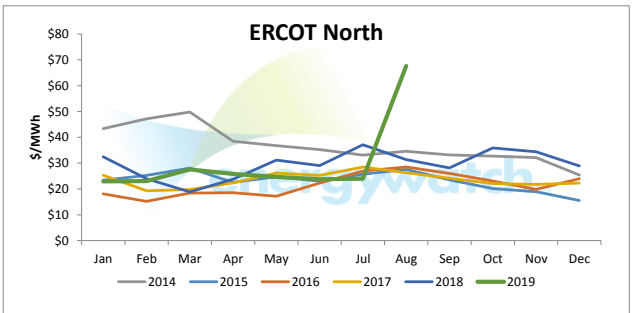
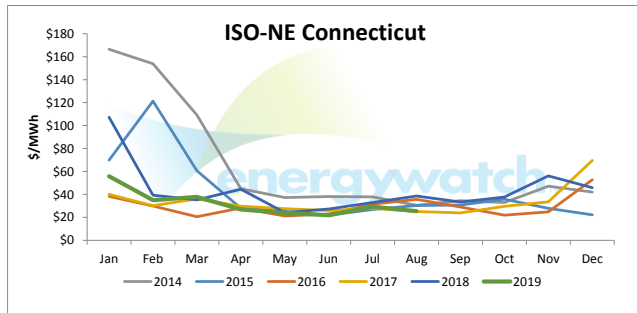
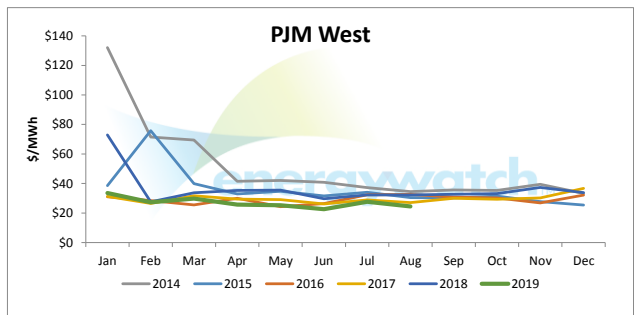
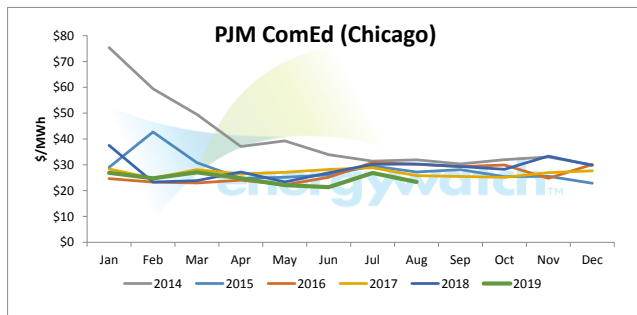
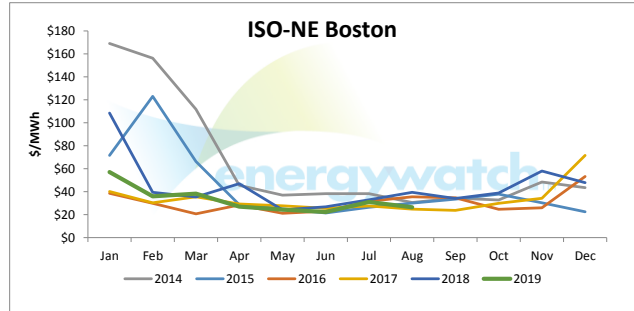
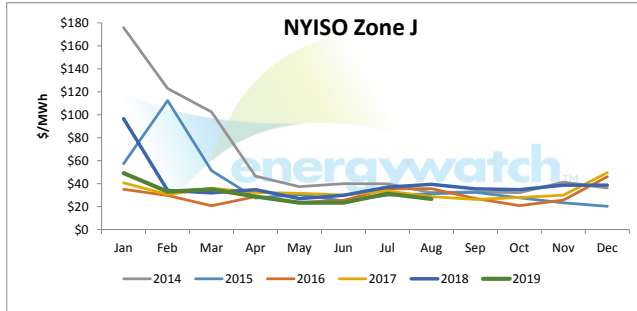
	Avg. Temp	Past 10 Weeks	Departure From Normal		CDD	HDD
			W-o-W	Y-o-Y		
Boston	73		3	9	0	0
Chicago	69		-2	4	0	0
Columbus	68		-3	4	0	0
Dallas	85		3	21	0	0
Denver	70		0	5	0	0
Detroit	70		1	6	0	0
Hartford	70		0	6	0	0
Houston	84		1	20	0	0
Indianapolis	69		-4	5	0	0
Las Vegas	97		8	32	0	0
Los Angeles	73		5	8	0	0
Miami	86		2	21	0	0
Minneapolis	64		-5	0	1	0
New York City	75		0	10	0	0
Philadelphia	75		0	10	0	0
Phoenix	94		1	29	0	0
Salt Lake City	81		7	16	0	0
San Diego	71		1	7	0	0
San Francisco	68		3	3	0	0
Seattle	77		13	12	0	0
St. Louis	76		-1	11	0	0
Washington D.C.	72		-2	7	0	0



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2014 - 2019 YTD Locational Marginal Pricing (LMPs)



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