

Market Commentary

Week of Sept. 13, 2019

Natural gas gains ground on continued support from weather forecasts.

Electric and Natural Gas Market Drivers

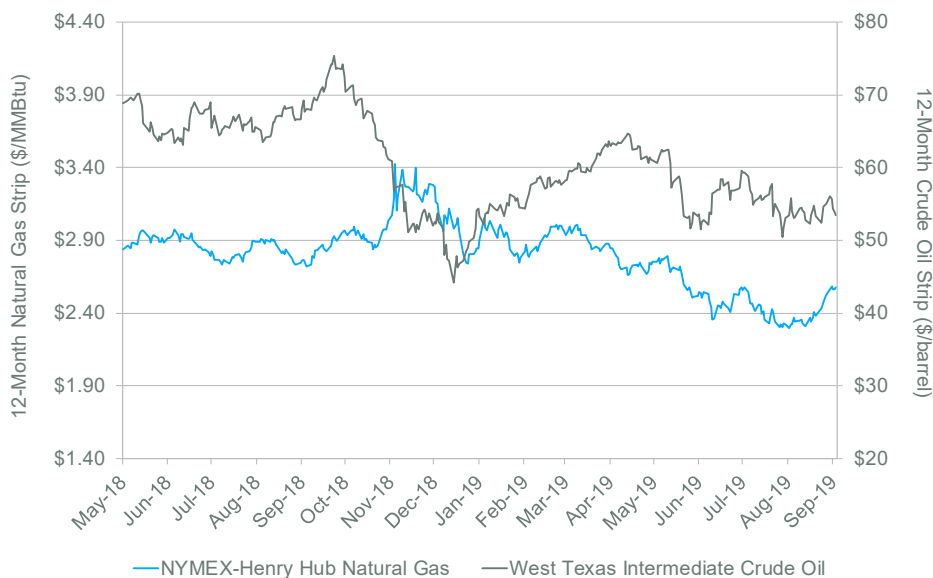
Bullish — Market influences driving prices higher:

- ▲ U.S. Dollar Value
- ▲ Weather Forecast
- ▲ Economic
- ▲ Crude Oil Market
- ▲ Natural Gas Storage Report
- ▲ Geopolitics

Bearish — Market influences driving prices lower:

- ▼ Natural Gas Production

Natural Gas & Crude Oil 12-Month Strip Prices



Monday 9/9

Natural gas bounced 8.9 cents higher to \$2.585 per MMBtu as meteorologists called for above-normal temperatures to spread across much of the nation during the following two weeks, increasing cooling demand expectations. Crude oil jumped \$1.33 to \$57.85 per barrel ahead of an OPEC meeting later in the week where members would discuss potential production cuts. Equity markets climbed higher on hopes the Fed would cut interest rates following the prior Friday's weaker-than-expected jobs report.

Tuesday 9/10

The Oct-2019 NYMEX natural gas contract dipped 0.5 cents lower to \$2.580 as traders locked in profits following the prior session's gains. Oil prices edged 45 cents lower to \$57.40 ahead of weekly inventory reports

from industry and government sources. Equities extended their winning streak after reports showed job openings fell for the second straight month in July.

Wednesday 9/11

Natural gas closed 2.8 cents lower at \$2.552 as the EIA was expected to report another storage build above the 5-year average during Thursday's release. Crude oil fell \$1.65 to \$55.75 even after the EIA revealed a larger-than-expected 6.9-Million-barrel decline in domestic stocks as OPEC trimmed its 2019 oil demand outlook for the second straight month. Tech stocks led a rally in the broader markets, pushing the winning streak to 6 consecutive sessions.

Thursday 9/12

Natural gas rebounded 2.2 cents to \$2.574 after the EIA reported a

slightly smaller-than-expected 78 Bcf build to storage, which still narrowed the deficit to the 5-year average to 77 Bcf. Oil slid 66 cents lower to \$55.09 after OPEC and its allies decided to put off any further production cuts despite signs of a growing global supply glut. Stocks continued to press higher on reports the U.S. and China were slowly moving toward resolving the two-year trade dispute.

Friday 9/13

Natural gas settled 4.0 cents higher at \$2.614 as weather forecasts

continued to signal elevated late-season cooling demand in the major consuming Midwest and Northeast. Crude closed 24 cents lower at \$54.85 following the resignation of President Trump's national security advisor earlier in the week and the potential for that to lead to easing sanctions on Iran. Equities traded in a mixed fashion even after the Commerce Department revealed another solid month in retail sales. during the month of August.

Looking Ahead

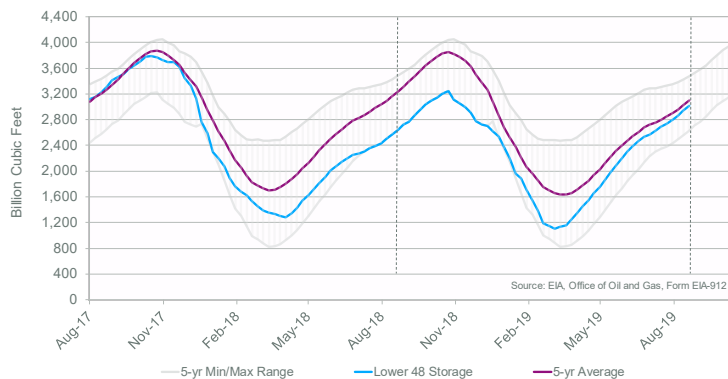
Natural gas traders will continue to closely monitor weather forecasts for late-season warmth that may boost natural gas demand.

Storage and Inventory

	Last Week Comparison			Historical Comparison			
	9/6/2019	8/30/2019	Change (incr/decr)	Same Period Last Year (9/6/2018)	Stocks over/under Last Year	Same Period 5-Year Ave. (2014-2018)	Stocks over/under 5-Yr Avg.
Natural Gas in Storage (Bcf)	3,019	2,941	78.0 ▲ 2.7%	2,626	393.0	3,096	-77.0
Crude Oil Inventories (mbpd)	416.1	423.0	-6.9 ▼ -1.6%	396.2	19.9	n/a	n/a

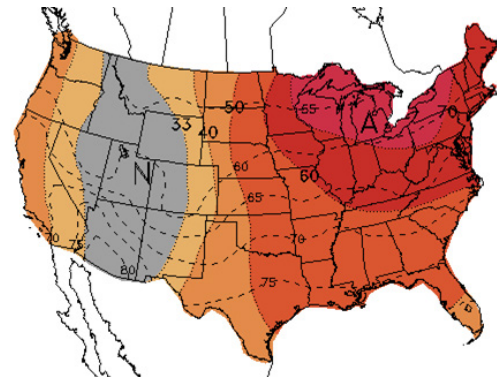
Working Gas in Underground Storage September 6, 2019

Note: The shaded area represents the range between the maximum and minimum values over the past 5 years. The blue line is the historic current level for the date on the x axis and the purple line is the 5-year average.



6-10 Day Weather Forecast September 15, 2019

The short-term weather forecast is calling for above-normal temperatures throughout much of the eastern three-fourths of the nation, with mostly normal temperatures in the Mountain West.



Natural Gas

UNITED STATES	Current	Historical Comparison (US\$/MMBtu)		
	9/13/2019	Last Week 9/6/2019	Last Month 8/13/2019	Last Year 9/13/2018
NYMEX Contract:				
Henry Hub Spot	\$2.610	▲ 4.82%	▲ 16.52%	▼ -11.22%
Prompt Month: Oct 2019	\$2.614	▲ 4.73%	▲ 21.75%	▼ -7.21%
12 Mth Strip (Oct19-Sept20)	\$2.578	▲ 2.06%	▲ 10.88%	▼ -6.36%
Winter Strip (Nov19-Mar20)	\$2.778	▲ 3.26%	▲ 14.59%	▼ -4.11%
Summer Strip (Apr20-Oct20)	\$2.412	▲ 0.50%	▲ 4.55%	▼ -8.18%
Next Winter Strip (Nov20-Mar21)	\$2.643	▲ 0.22%	▲ 2.51%	▼ -5.75%
Cal '21 (Jan21-Dec21)	\$2.457	▼ -0.54%	▼ -0.05%	▼ -5.24%
CANADA *Pricing in Canadian Dollars.	Current	Historical Comparison *(CAD\$/GJ)		
	9/13/2019	Last Week 9/6/2019	Last Month 8/13/2019	Last Year 9/13/2018
AECO:				
Spot Price	\$0.890	▲ 2.57%	▼ -26.90%	▼ -12.63%
Prompt Month: Oct 2019	\$1.252	▼ -10.59%	▲ 25.92%	▲ 33.42%
12 Mth Strip (Oct19-Sept20)	\$1.420	▼ -1.34%	▲ 13.80%	▲ 21.69%

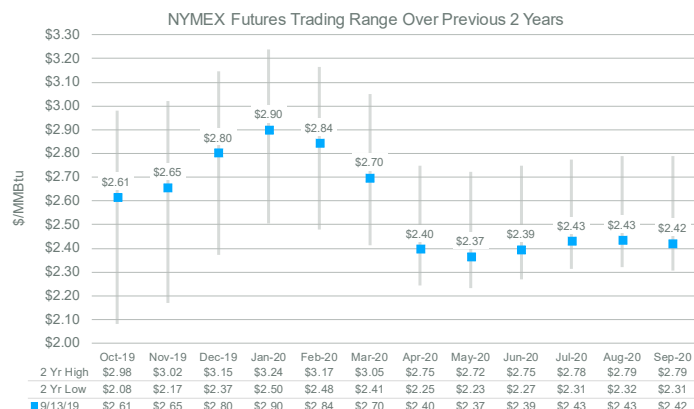
Electricity

UNITED STATES	Current	Historical Comparison (US\$/MWh)			
Wholesale Electricity Prices:	9/13/2019	Last Week 9/6/2019	Last Month 8/13/2019	Last Year 9/13/2018	
ERCOT (Hub Avg.) - ATC					
Monthly Real-Time Avg: Sept 2019	\$26.28	▼ -13.63%	▼ -64.15%	▲ 3.07%	
Prompt Month: Oct 2019	\$25.98	▲ 2.95%	▼ -8.08%	▲ 1.53%	
12 Mth Strip (Oct19-Sept20)	\$34.55	▼ -2.22%	▲ 14.52%	▲ 2.36%	
NY ISO (Zone J) - ATC					
Monthly Real-Time Avg: Sept 2019	\$21.88	▲ 6.34%	▼ -14.05%	▼ -50.53%	
Prompt Month: Oct 2019	\$24.67	▼ -3.97%	▼ -7.26%	▼ -21.93%	
12 Mth Strip (Oct19-Sept20)	\$36.08	▼ -2.11%	▲ 1.44%	▼ -8.81%	
PJM (Western Hub) - ATC					
Monthly Real-Time Avg: Sept 2019	\$32.25	▲ 10.90%	▲ 29.57%	▲ 0.34%	
Prompt Month: Oct 2019	\$26.59	▲ 3.18%	▲ 5.27%	▼ -16.54%	
12 Mth Strip (Oct19-Sept20)	\$30.19	▲ 0.89%	▲ 5.45%	▼ -11.22%	
ISO-NE (SE MASS) - ATC					
Monthly Real-Time Avg: Sept 2019	\$21.10	▲ 15.65%	▼ -11.34%	▼ -58.60%	
Prompt Month: Oct 2019	\$25.14	▲ 3.76%	▼ -2.52%	▼ -25.16%	
12 Mth Strip (Oct19-Sept20)	\$40.59	▲ 0.54%	▲ 5.74%	▼ -7.48%	
MISO (Indiana Hub) - ATC					
Monthly Real-Time Avg: Sept 2019	\$30.76	▲ 25.31%	▲ 22.61%	▼ -1.32%	
Prompt Month: Oct 2019	\$26.91	▼ -1.90%	▼ -0.30%	▼ -13.14%	
12 Mth Strip (Oct19-Sept20)	\$29.04	▼ -0.94%	▲ 3.17%	▼ -7.21%	
PG&E (NP15 West) - ATC					
Monthly Real-Time Avg: Sept 2019	\$36.73	▼ -13.75%	▲ 11.70%	▲ 14.02%	
Prompt Month: Oct 2019	\$35.58	▼ -1.06%	▲ 4.55%	▲ 3.52%	
12 Mth Strip (Oct19-Sept20)	\$34.90	▼ -4.02%	▲ 1.45%	▲ 2.95%	
CANADA *Pricing in Canadian Dollars.					
Wholesale Electricity Prices:	Current	Historical Comparison *(CAD\$/MWh)			
	9/13/2019	Last Week 9/6/2019	Last Month 8/13/2019	Last Year 9/13/2018	
AESO (Ave.) - ATC					
Rolling 30-Day Average	\$44.60	▲ 0.02%	▼ -13.29%	▲ 25.76%	
IESO (Ave.) - ATC					
Rolling 30-Day Average HOEP	\$14.26	▲ 0.13%	▼ -28.17%	▼ -49.58%	

Trend Analysis

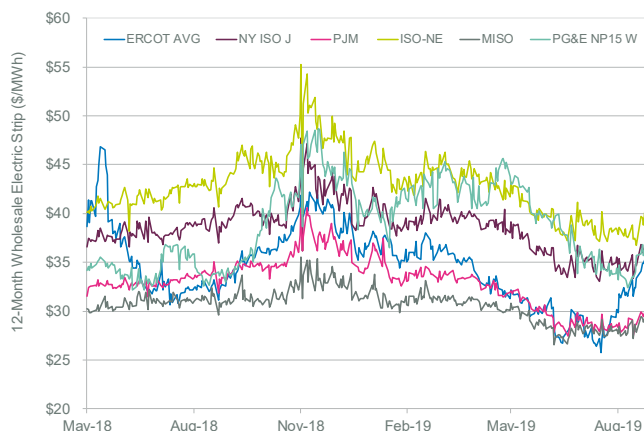
NYMEX Futures Trading Range

This graph represents the futures trading range of each NYMEX natural gas contract over the past two years. The high and the low for each month have been provided below, along with the current forward prices as of the market close on September 13, 2019.



Electric ATC 12 Month Rolling Strips

This graph shows the historic trading range of the electric around-the-clock (ATC) 12-month rolling strip by Independent System Operator (ISO) region as of the market close on September 13, 2019.



12-Month Rolling Strip

This chart presents the correlation between NYMEX natural gas and electricity's 12-month rolling forward pricing over the past two years.

12-Month Rolling Strip	ERCOT HZ	NY ISO J	PJM	ISO-NE	MISO	PG&E NP15
NYMEX Correlation	45.1%	76.2%	77.2%	54.1%	82.9%	19.7%

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