

Market Commentary

Week of April 3, 2020

Natural gas mixed as traders gauge supply and demand fundamentals.

Electric and Natural Gas Market Drivers

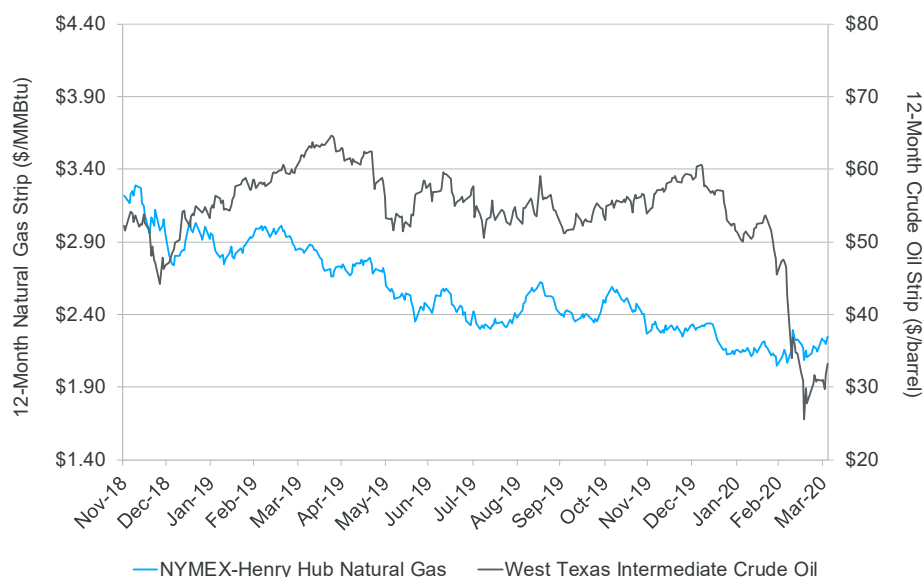
Bullish – Market influences driving prices higher:

▲ Crude Oil Market

Bearish – Market influences driving prices lower:

- ▼ Geopolitics
- ▼ Natural Gas Storage Report
- ▼ Weather Forecast
- ▼ Economics
- ▼ U.S. Dollar Value
- ▼ Natural Gas Production

Natural Gas & Crude Oil 12-Month Strip Prices



Monday 3/30

The new prompt May-2020 NYMEX natural gas contract gained 1.9 cents to close at \$1.690 per MMBtu with support from stronger coal-to-gas switching, which was estimated to be around 1.2 Bcf per day above the 5-year average. Crude oil carved out fresh lows after financial institutions forecast global oil demand to plummet by 12 million barrels a day during the second quarter. The May-2020 WTI contract closed \$1.42 lower at \$20.09 per barrel. Equity markets bounced higher even after some government officials indicated second quarter GDP could contract by as much as 25%.

Tuesday 3/31

Natural gas fell 5.0 cents lower to \$1.640 as the weather forecast called for above-normal temperatures to cover much of

the nation into mid-April. Crude rebounded 39 cents to \$20.48 after an official gauge of China's manufacturing sector showed a solid uptick in activity. Meanwhile, stocks lost ground on the last day of the quarter as coronavirus worries outweighed the better-than-expected Chinese data.

Wednesday 4/1

Natural gas lost another 5.3 cents to settle at \$1.587 ahead of the next day's storage report, which was expected to show another draw in the mid-20s. Oil prices edged 17 cents lower to \$20.31 after the EIA reported a massive 13.8-Million-barrel increase in domestic oil inventories. Stocks retreated as investors remained on edge after the White House released new projections of the death toll from the coronavirus pandemic.

Thursday 4/2

Natural gas closed 3.5 cents lower at \$1.552 after the EIA reported a 19 Bcf withdrawal from storage, which was slightly lower than expectations and kept the surplus to the 5-year average steady at 292 Bcf. Crude soared \$5.01 to \$25.32 after President Trump said Saudi Arabia and Russia may be nearing a truce to the oil price war and could slash output by millions of barrels a day. Equity markets climbed higher with support from higher energy shares even as jobless claims doubled from the prior week.

Friday 4/3

The cost of gas rebounded 6.9 cents to end the week at \$1.621 on a round of short covering even as demand from the commercial and industrial sector continued to dwindle. Crude traders added another \$3.02 to wrap up the session at \$28.34 after Russia and Saudi Arabia pressed the U.S. to join in coordinated output cuts to help stabilize prices. Equities traded in the red after the Labor Department reported deeper-than-expected job losses due to the economic fallout from the coronavirus.

Looking Ahead

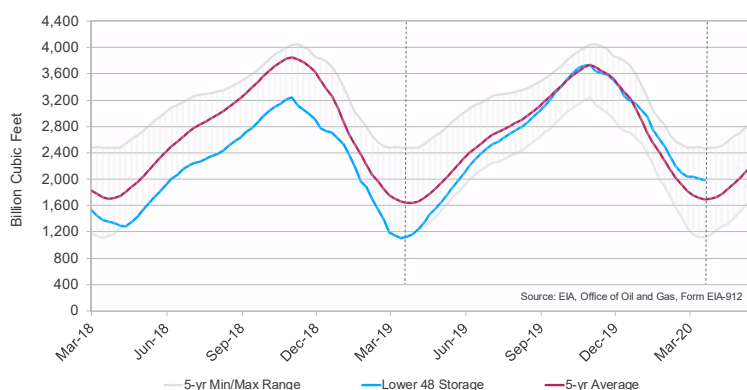
Commodity markets will remain depressed while slower economic activity continues to reduce demand.

Storage and Inventory

| | Last Week Comparison | | | | | Historical Comparison | | | |
|------------------------------|----------------------|-----------|-----------------------|---|-------|---|------------------------------------|---|------------------------------------|
| | 3/27/2020 | 3/20/2020 | Change (incr/decr) | | | Same Period Last Year (3/27/2019) | Stocks over/ under Last Year | Same Period 5-Year Ave. (2015-2019) | Stocks over/ under 5-Yr Avg. |
| Natural Gas in Storage (Bcf) | 1,986 | 2,005 | -19.0 | ▼ | -0.9% | 1,123 | 863.0 | 1,694 | 292.0 |
| Crude Oil Inventories (mbpd) | 469.2 | 455.4 | 13.8 | ▲ | 3.0% | 449.5 | 19.7 | n/a | n/a |

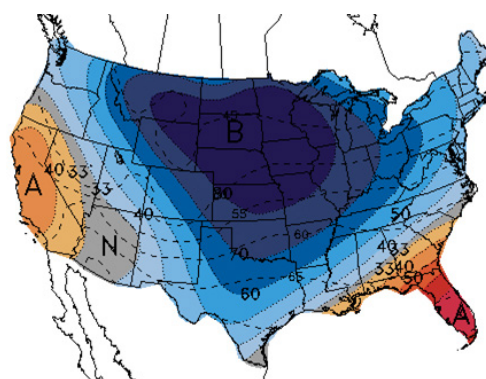
Working Gas in Underground Storage March 27, 2020

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 April 5, 2020

The short-term weather forecast is calling for below-normal temperatures to cover much of the nation, with pockets of above-normal temperatures in the Southeast and Southwest.



Natural Gas

| UNITED STATES | Current | Historical Comparison (US\$/MMBtu) | | | |
|---------------------------------|----------|------------------------------------|---------------------|--------------------|--|
| NYMEX Contract: | 4/3/2020 | Last Week 3/27/2020 | Last Month 3/3/2020 | Last Year 4/3/2019 | |
| Henry Hub Spot | \$1.500 | ▼ -11.76% | ▼ -15.73% | ▼ -45.26% | |
| Prompt Month: May 2020 | \$1.621 | ▼ -0.80% | ▼ -9.94% | ▼ -39.45% | |
| 12 Mth Strip (May20-Apr21) | \$2.250 | ▲ 4.85% | ▲ 5.58% | ▼ -20.94% | |
| Summer Strip (May20-Oct20) | \$1.896 | ▲ 0.34% | ▼ -3.53% | ▼ -31.25% | |
| Winter Strip (Nov20-Mar21) | \$2.083 | ▲ 1.57% | ▲ 2.31% | ▼ -20.69% | |
| Next Summer Strip (Apr21-Oct21) | \$2.075 | ▲ 1.71% | ▲ 1.90% | ▼ -21.17% | |
| Cal '22 (Jan22-Dec22) | \$2.387 | ▼ -0.08% | ▼ -0.11% | ▼ -10.80% | |

| CANADA *Pricing in Canadian Dollars. | Current | Historical Comparison *(CAD\$/GJ) | | | |
|--------------------------------------|----------|-----------------------------------|---------------------|--------------------|--|
| AECO: | 4/3/2020 | Last Week 3/27/2020 | Last Month 3/3/2020 | Last Year 4/3/2019 | |
| Spot Price | \$1.760 | ▼ -2.47% | ▲ 2.89% | ▲ 41.48% | |
| Prompt Month: May 2020 | \$1.180 | ▼ -6.04% | ▼ -7.35% | ▲ 22.75% | |
| 12 Mth Strip (May20-Apr21) | \$1.504 | ▲ 9.41% | ▲ 8.16% | ▲ 27.56% | |

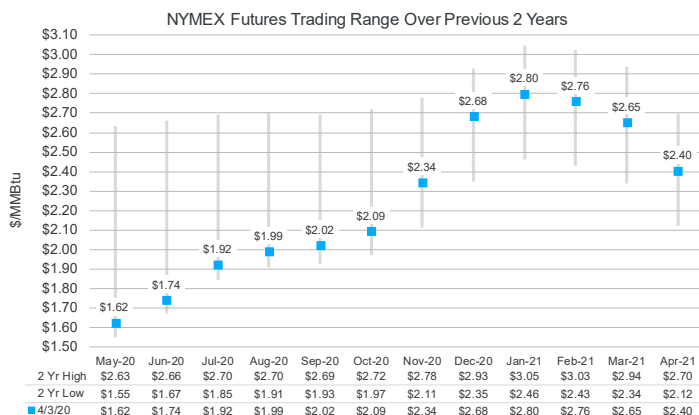
Electricity

| UNITED STATES | Current | Historical Comparison (US\$/MWh) | | | |
|--------------------------------------|----------|------------------------------------|---------------------|--------------------|--|
| Wholesale Electricity Prices: | 4/3/2020 | Last Week 3/27/2020 | Last Month 3/3/2020 | Last Year 4/3/2019 | |
| ERCOT (Hub Avg.) - ATC | | | | | |
| Monthly Real-Time Avg: Apr 2020 | \$9.06 | ▼ -60.27% | ▼ -44.68% | ▼ -55.59% | |
| Prompt Month: May 2020 | \$20.98 | ▲ 4.83% | ▲ 4.43% | ▼ -21.78% | |
| 12 Mth Strip (May20-Apr21) | \$30.93 | ▲ 6.12% | ▼ -2.42% | ▼ -12.86% | |
| NY ISO (Zone J) - ATC | | | | | |
| Monthly Real-Time Avg: Apr 2020 | \$13.11 | ▼ -22.90% | ▼ -25.17% | ▼ -54.92% | |
| Prompt Month: May 2020 | \$16.34 | ▼ -7.74% | ▼ -25.32% | ▼ -42.26% | |
| 12 Mth Strip (May20-Apr21) | \$27.71 | ▲ 3.17% | ▼ -4.85% | ▼ -30.34% | |
| PJM (Western Hub) - ATC | | | | | |
| Monthly Real-Time Avg: Apr 2020 | \$15.46 | ▼ -17.26% | ▼ -18.87% | ▼ -52.40% | |
| Prompt Month: May 2020 | \$17.81 | ▼ -1.98% | ▼ -18.23% | ▼ -38.48% | |
| 12 Mth Strip (May20-Apr21) | \$25.62 | ▲ 3.99% | ▼ -1.30% | ▼ -23.17% | |
| ISO-NE (SE MASS) - ATC | | | | | |
| Monthly Real-Time Avg: Apr 2020 | \$20.53 | ▲ 24.14% | ▲ 14.25% | ▼ -19.81% | |
| Prompt Month: May 2020 | \$16.84 | ▼ -42.27% | ▼ -29.30% | ▼ -38.67% | |
| 12 Mth Strip (May20-Apr21) | \$30.75 | ▲ 1.67% | ▼ -5.88% | ▼ -30.98% | |
| MISO (Indiana Hub) - ATC | | | | | |
| Monthly Real-Time Avg: Apr 2020 | \$17.60 | ▼ -12.52% | ▼ -6.25% | ▼ -46.41% | |
| Prompt Month: May 2020 | \$19.59 | ▼ -5.00% | ▼ -16.82% | ▼ -33.68% | |
| 12 Mth Strip (May20-Apr21) | \$24.76 | ▲ 1.06% | ▼ -3.94% | ▼ -20.02% | |
| PG&E (NP15 West) - ATC | | | | | |
| Monthly Real-Time Avg: Apr 2020 | \$17.31 | ▼ -36.33% | ▼ -29.22% | ▼ -55.73% | |
| Prompt Month: May 2020 | \$20.70 | ▲ 7.20% | ▼ -16.63% | ▼ -26.67% | |
| 12 Mth Strip (May20-Apr21) | \$33.77 | ▲ 6.03% | ▼ -0.29% | ▼ -22.87% | |
| CANADA *Pricing in Canadian Dollars. | Current | Historical Comparison *(CAD\$/MWh) | | | |
| Wholesale Electricity Prices: | 4/3/2020 | Last Week 3/27/2020 | Last Month 3/3/2020 | Last Year 4/3/2019 | |
| AESO (Ave.) - ATC | | | | | |
| Rolling 30-Day Average | \$42.23 | ▲ 0.65% | ▲ 16.11% | ▼ -14.12% | |
| IESO (Ave.) - ATC | | | | | |
| Rolling 30-Day Average HOEP | \$12.61 | ▼ -12.66% | ▼ -11.94% | ▼ -49.56% | |

Trend Analysis

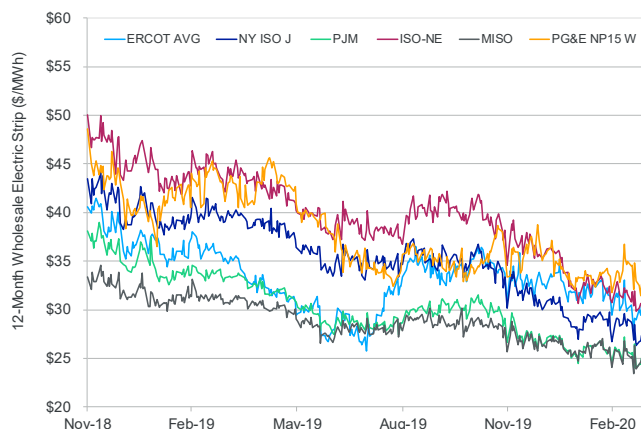
NYMEX Futures Trading Range

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 April 3, 2020.



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 April 3, 2020.



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 | 64.4% | 92.7% | 95.6% | 89.7% | 94.2% | 57.5% |

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