

Market Commentary

Week of June 26, 2020

Natural gas dives lower following larger-than-expected storage build.

Electric and Natural Gas Market Drivers

Bullish – Market influences driving prices higher:

▲ Natural Gas Production

Bearish – Market influences driving prices lower:

▼ Natural Gas Storage Report

▼ Weather Forecast

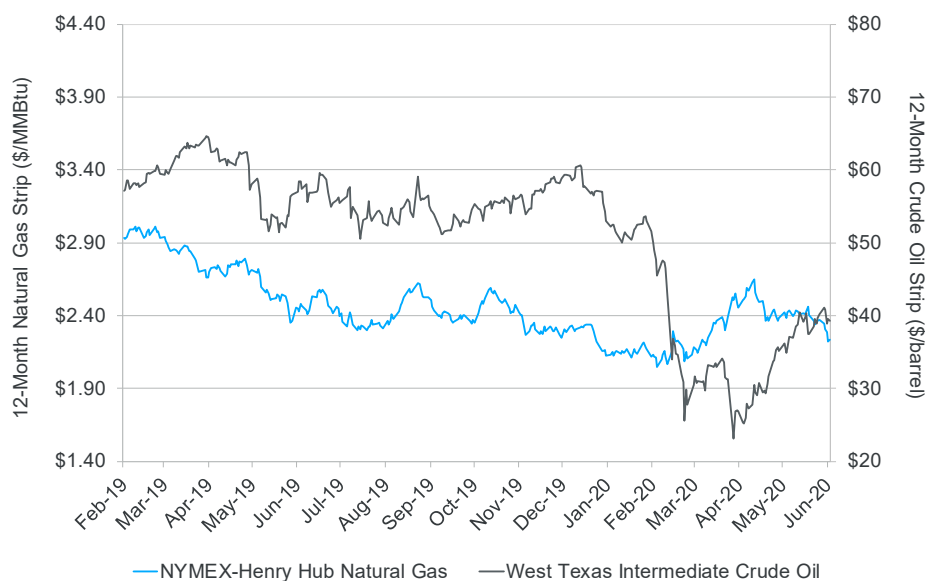
▼ Geopolitics

▼ Economics

▼ Crude Oil Market

▼ U.S. Dollar Value

Natural Gas & Crude Oil 12-Month Strip Prices



Monday 6/22

The July-2020 NYMEX natural gas contract edged 0.5 cents lower to \$1.664 per MMBtu after making a failed intraday attempt to push above strong upside technical resistance. The July-2020 WTI crude oil contract gained 71 cents to close and expire at \$40.46 per barrel as an uptick in economic activity around the world suggested a coming increase in demand. Equity markets pushed higher, led by technology-related shares, as investors continued to weigh the potential of a quick economic recovery.

Tuesday 6/23

Natural gas declined 2.7 cents to \$1.637 after weather models turned slightly cooler overnight, reducing the amount of cooling degree days forecast for the coming week. The new prompt

August-2020 WTI crude contract gave up early session gains before eventually settling 36 cents lower at \$40.37. Equities climbed higher after the day's batch of economic data showed improvements in both the manufacturing sector and new home sales.

Wednesday 6/24

Natural gas slid 4.0 cents to \$1.597 ahead of the following day's storage report, which was expected to show a triple-digit build that would compare to last year's 103 Bcf injection and the 5-year average 73 Bcf injection. Crude fell \$2.36 to \$38.01 on coronavirus concerns and after the EIA reported a 1.4-Million-barrel increase in domestic oil inventories. Stocks plummeted lower on economic concerns after the 7-day average of coronavirus cases increased by 30% over last week.

Thursday 6/25

Natural gas plunged 11.5 cents lower to \$1.482 after the EIA reported a much larger-than-expected 120 Bcf injection into storage, which put working gas in underground storage at 3,012 Bcf and widened the deficit to the 5-year average to 466 Bcf. Equity markets recovered some of the prior day's losses as bank stocks rallied after the FDIC voted to ease some post-financial crisis requirements. Crude tracked higher with equities and closed 71 cents higher at \$38.72.

Friday 6/26

The July-2020 NYMEX natural gas contract rebounded 1.3 cents to close and expire at \$1.495 as traders covered short positions following Thursday's big drop. Equities experienced steep losses as increasing coronavirus cases caused some states to re-close areas of their economies. Crude shed 23 cents to end the week at \$38.49 as states rolling back some economic openings threatened to reverse the recent increase in demand.

Looking Ahead

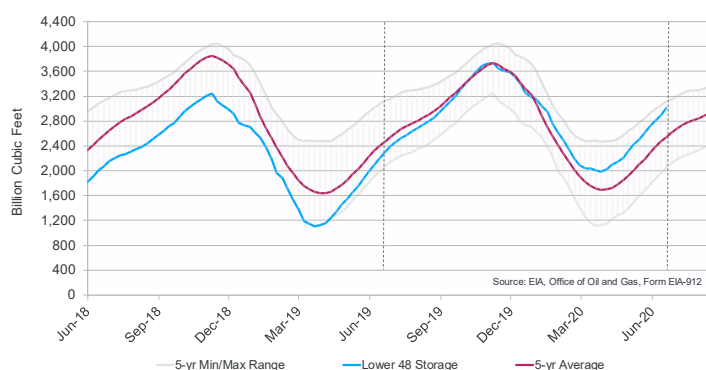
Natural gas traders will closely follow supply and demand fundamentals to gauge future storage injections.

Storage and Inventory

	Last Week Comparison					Historical Comparison			
	6/19/2020	6/12/2020	Change (incr/decr)			Same Period Last Year (6/19/2019)	Stocks over/under Last Year	Same Period 5-Year Ave. (2015-2019)	Stocks over/under 5-Yr Avg.
Natural Gas in Storage (Bcf)	3,012	2,892	120.0	▲	4.1%	2,273	739.0	2,546	466.0
Crude Oil Inventories (mbpd)	540.7	539.3	1.4	▲	0.3%	469.6	71.1	n/a	n/a

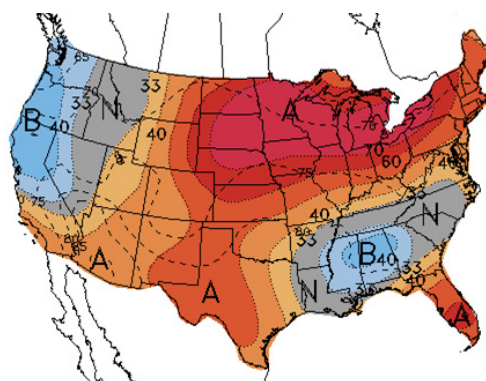
Working Gas in Underground Storage June 19, 2020

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 June 28, 2020

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



Natural Gas

UNITED STATES		Current				Historical Comparison (US\$/MMBtu)			
NYMEX Contract:		6/26/2020	Last Week 6/19/2020	Last Month 5/26/2020	Last Year 6/26/2019				
Henry Hub Spot		\$1.420	▼ -4.70%	▼ -20.67%	▼ -39.32%				
Prompt Month: Jul 2020		\$1.495	▼ -10.43%	▼ -16.62%	▼ -34.74%				
12 Mth Strip (Jul20-Jun21)		\$2.235	▼ -5.70%	▼ -7.64%	▼ -8.06%				
Summer Strip (Jul20-Oct20)		\$1.592	▼ -10.55%	▼ -22.13%	▼ -29.84%				
Winter Strip (Nov20-Mar21)		\$1.976	▼ -6.11%	▼ -8.33%	▼ -19.24%				
Next Summer Strip (Apr21-Oct21)		\$1.872	▼ -7.32%	▼ -12.58%	▼ -23.83%				
Cal '22 (Jan22-Dec22)		\$2.420	▼ -1.05%	▼ -2.67%	▼ -7.95%				

CANADA *Pricing in Canadian Dollars.		Current				Historical Comparison *(CAD\$/GJ)			
AECO:		6/26/2020	Last Week 6/19/2020	Last Month 5/26/2020	Last Year 6/26/2019				
Spot Price		\$1.846	▼ -0.23%	▼ -0.53%	▲ 159.98%				
Prompt Month: Jul 2020		\$1.367	▼ -1.69%	▼ -10.91%	▲ 158.89%				
12 Mth Strip (Jul20-Jun21)		\$1.587	▼ -1.73%	▼ -8.11%	▲ 39.99%				

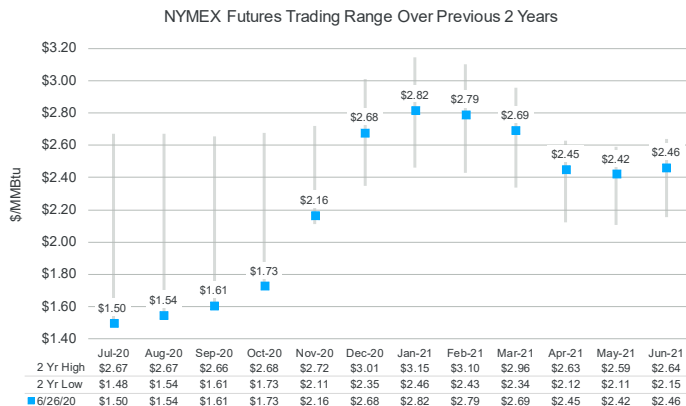
Electricity

UNITED STATES	Current	Historical Comparison (US\$/MWh)			
Wholesale Electricity Prices:	6/26/2020	Last Week 6/19/2020	Last Month 5/26/2020	Last Year 6/26/2019	
ERCOT (Hub Avg.) - ATC					
Monthly Real-Time Avg: June 2020	\$15.11	▼ -1.06%	▼ -10.36%	▼ -37.84%	
Prompt Month: July 2020	\$37.99	▼ -13.27%	▲ 41.00%	▲ 1.86%	
12 Mth Strip (Jul20-Jun21)	\$27.58	▼ -11.42%	▼ -12.67%	▲ 2.77%	
NY ISO (Zone J) - ATC					
Monthly Real-Time Avg: June 2020	\$18.51	▲ 4.53%	▲ 28.51%	▼ -15.52%	
Prompt Month: July 2020	\$24.68	▼ -0.96%	▲ 47.43%	▼ -17.57%	
12 Mth Strip (Jul20-Jun21)	\$29.13	▼ -3.25%	▲ 5.33%	▼ -13.78%	
PJM (Western Hub) - ATC					
Monthly Real-Time Avg: June 2020	\$18.70	▼ -1.75%	▲ 9.31%	▼ -14.92%	
Prompt Month: July 2020	\$21.63	▲ 10.19%	▲ 19.83%	▼ -18.93%	
12 Mth Strip (Jul20-Jun21)	\$25.95	▼ -2.78%	▲ 2.88%	▼ -8.99%	
ISO-NE (SE MASS) - ATC					
Monthly Real-Time Avg: June 2020	\$22.18	▲ 10.03%	▲ 40.93%	▲ 1.69%	
Prompt Month: July 2020	\$24.66	▲ 24.73%	▲ 37.31%	▼ -8.22%	
12 Mth Strip (Jul20-Jun21)	\$32.31	▼ -2.99%	▲ 2.19%	▼ -14.75%	
MISO (Indiana Hub) - ATC					
Monthly Real-Time Avg: June 2020	\$20.32	▲ 0.98%	▲ 1.82%	▼ -12.38%	
Prompt Month: July 2020	\$23.69	▼ -8.32%	▲ 13.19%	▼ -16.17%	
12 Mth Strip (Jul20-Jun21)	\$26.17	▼ -2.16%	▲ 2.20%	▼ -4.18%	
PG&E (NP15 West) - ATC					
Monthly Real-Time Avg: June 2020	\$24.49	▲ 14.54%	▲ 28.16%	▼ -31.02%	
Prompt Month: July 2020	\$30.20	▼ -9.25%	▲ 24.95%	▼ -27.61%	
12 Mth Strip (Jul20-Jun21)	\$33.07	▼ -3.54%	▼ -0.94%	▼ -13.80%	
CANADA *Pricing in Canadian Dollars.					
	Current	Historical Comparison *(CAD\$/MWh)			
Wholesale Electricity Prices:	6/26/2020	Last Week 6/19/2020	Last Month 5/26/2020	Last Year 6/26/2019	
AESO (Ave.) - ATC					
Rolling 30-Day Average	\$34.61	▲ 11.95%	▲ 31.91%	▼ -55.67%	
IESO (Ave.) - ATC					
Rolling 30-Day Average HOEP	\$10.13	▼ -0.10%	▲ 55.22%	▲ 287.85%	

Trend Analysis

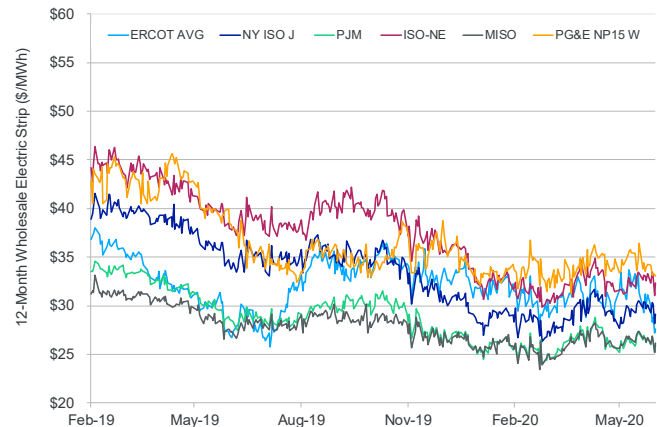
NYMEX Futures Trading Range

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 June 26, 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 June 26, 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	66.2%	91.4%	94.9%	90.0%	94.1%	71.9%

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Contact Us

engieimpact.com

+1 (800) 767-4197

info.impact@engie.com