

Market Commentary

Week of September 11, 2020

Natural gas retreats on a weaker cooling demand outlook.

Electric and Natural Gas Market Drivers

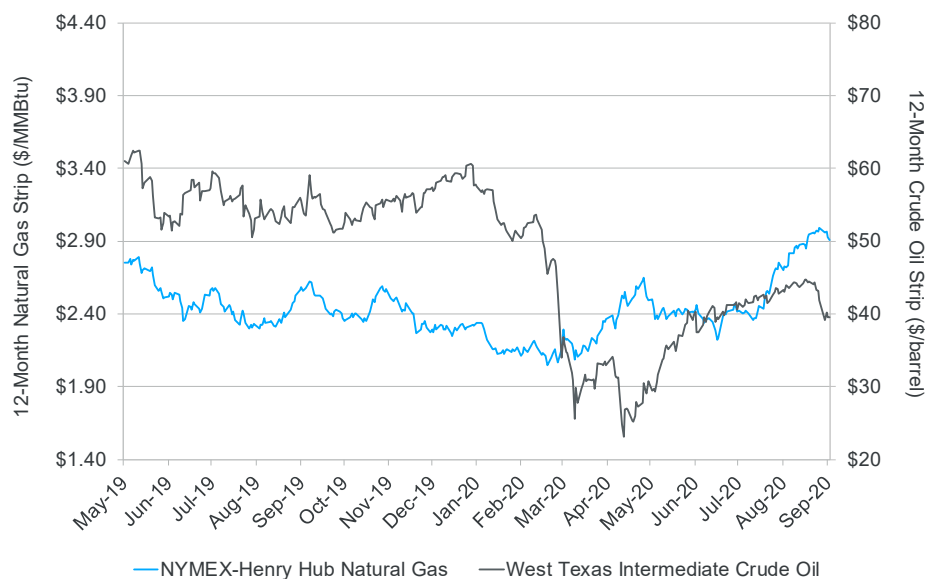
Bullish – Market influences driving prices higher:

- ▲ Natural Gas Production
- ▲ U.S. Dollar Value

Bearish – Market influences driving prices lower:

- ▼ Geopolitics
- ▼ Economics
- ▼ Natural Gas Storage Report
- ▼ Crude Oil Market
- ▼ Weather Forecast

Natural Gas & Crude Oil 12-Month Strip Prices



Monday 9/7

Markets were closed in observance of the Labor Day holiday.

Tuesday 9/8

When trading resumed, the Oct-2020 NYMEX natural gas plummeted 18.8 cents to settle at \$2.400 per MMBtu as the weather continued to point to weaker cooling demand in the Midwest and Northeast. The Oct-2020 WTI crude oil contract dove \$3.01 lower to \$36.76 per barrel on concerns over the global economic recovery after Saudi Aramco cut most of its prices for crude export to the U.S., Asia, and Europe for October. Equity markets sank lower after President Trump's comments about decoupling the U.S. economy from China sent jitters through the market.

Wednesday 9/9

Natural gas gained 0.6 cents to \$2.406 ahead of Thursday's storage report, which was expected to show a build around 70 Bcf and would compare to last year's 80 Bcf build and the 5-year average 67 Bcf build. Crude oil rebounded \$1.29 to \$38.05 as traders continued to assess the global economic recovery and the impact to demand for the commodity. Equities rebounded from a 3-day rout as investors looked to take advantage of cheaper stock prices, especially in the tech sector.

Thursday 9/10

Natural gas lost 8.3 cents to finish the session at \$2.323 after the EIA reported a 70 Bcf injection into storage, which was in line with expectations and increased working gas in underground storage to 3,525 Bcf. The storage

deficit to the five-year average also widened to 409 Bcf. Crude oil shed 75 cents to close at \$37.30 after the EIA revealed a 2.0-Million-barrel increase in oil inventories, a 3.0 Mb decline in gasoline stocks, and a 1.7 Mb decline in distillates. Equity markets traded in negative territory after new jobless claims came in at 884,000, compared to the 850,000 expected by market analysts.

Friday 9/11

Natural gas declined 5.4 cents to end the week at \$2.269 as

the weather forecast called for below-normal temperatures to stretch into the major consuming East in the coming six-to-ten-day period, dampening the late-season cooling demand outlook. Crude oil fluctuated between small gains and losses during the day's session before settling 3 cents higher at \$37.33. Equity markets landed in positive territory after European Central Bank President Christine Lagarde struck an optimistic tone regarding the eurozone's economy.

Looking Ahead

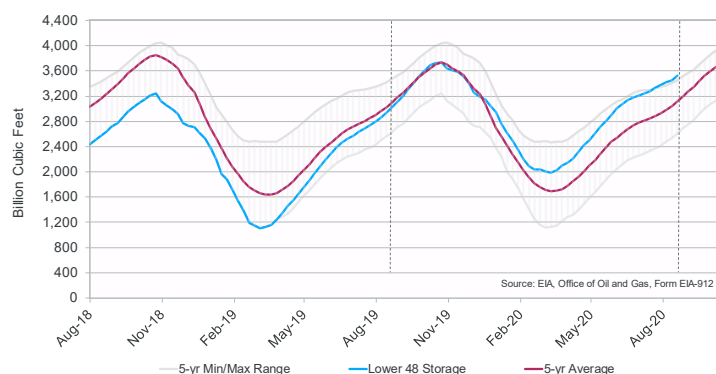
Natural gas traders will continue to monitor the weather forecast for signs of increased late-season cooling demand.

Storage and Inventory

	Last Week Comparison					Historical Comparison			
	9/4/2020	8/28/2020	Change (incr/decr)			Same Period Last Year (9/4/2019)	Stocks over/ under Last Year	Same Period 5-Year Ave. (2015-2019)	Stocks over/ under 5-Yr Avg.
Natural Gas in Storage (Bcf)	3,525	3,455	70.0	▲	2.0%	2,997	528.0	3,116	409.0
Crude Oil Inventories (mbpd)	500.4	498.4	2.0	▲	0.4%	416.1	84.3	n/a	n/a

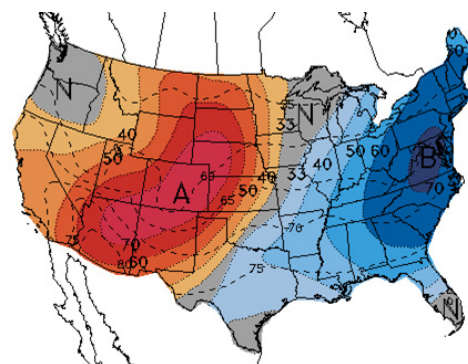
Working Gas in Underground Storage September 4, 2020

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 September 13, 2020

The short-term weather forecast is calling for above-normal temperatures to cover much of the western half of the nation, with below-normal temperatures throughout much of the eastern half.



Natural Gas

UNITED STATES		Current				Historical Comparison (US\$/MMBtu)			
NYMEX Contract:		9/11/2020	Last Week 9/4/2020			Last Month 8/11/2020		Last Year 9/11/2019	
Henry Hub Spot		\$1.930	▼	-16.81%		▼	-11.87%	▼	-26.62%
Prompt Month: October 2020		\$2.269	▼	-12.33%		▲	4.51%	▼	-11.09%
12 Mth Strip (Oct20-Sept21)		\$2.905	▼	-2.84%		▲	6.64%	▲	13.43%
Winter Strip (Nov20-Mar21)		\$3.118	▼	-3.88%		▲	5.50%	▲	14.07%
Summer Strip (Apr21-Oct21)		\$2.628	▼	-4.40%		▲	7.18%	▲	8.41%
Next Winter Strip (Nov21-Mar22)		\$3.035	▲	0.05%		▲	5.26%	▲	13.93%
Cal '22 (Jan22-Dec22)		\$2.647	▲	0.20%		▲	3.05%	▲	5.66%

CANADA *Pricing in Canadian Dollars.		Current		Historical Comparison *(CAD\$/GJ)			
AECO:		9/11/2020		Last Week 9/4/2020		Last Month 8/11/2020	Last Year 9/11/2019
Spot Price		\$2.314	▼	-2.17%		▲	18.47%
Prompt Month: October 2020		\$1.736	▼	-16.25%		▲	2.44%
12 Mth Strip (Oct20-Sept21)		\$2.125	▼	-6.11%		▲	6.29%

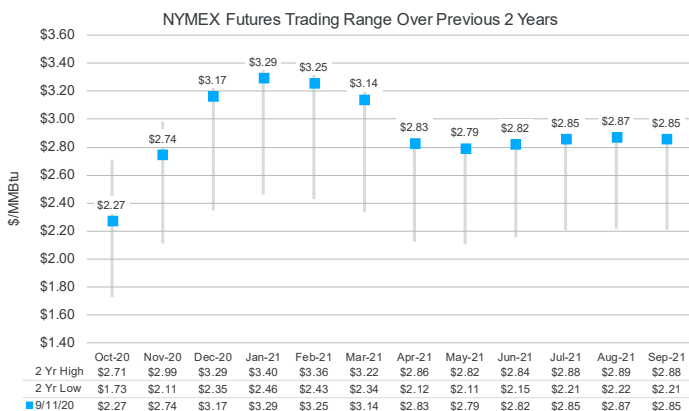
Electricity

UNITED STATES	Current	Historical Comparison (US\$/MWh)			
Wholesale Electricity Prices:	9/11/2020	Last Week 9/4/2020	Last Month 8/11/2020	Last Year 9/11/2019	
ERCOT (Hub Avg.) - ATC					
Monthly Real-Time Avg: September 2020	\$19.19	▼ -16.59%	▲ 6.29%	▼ -28.15%	
Prompt Month: October 2020	\$21.80	▼ -16.95%	▼ -25.46%	▼ -18.17%	
12 Mth Strip (Oct20-Sept21)	\$30.91	▼ -8.48%	▲ 2.01%	▼ -15.37%	
NY ISO (Zone J) - ATC					
Monthly Real-Time Avg: September 2020	\$21.60	▲ 1.53%	▼ -25.00%	▲ 0.90%	
Prompt Month: October 2020	\$19.53	▼ -5.47%	▼ -13.43%	▼ -18.86%	
12 Mth Strip (Oct20-Sept21)	\$32.69	▲ 2.15%	▲ 1.71%	▼ -8.21%	
PJM (Western Hub) - ATC					
Monthly Real-Time Avg: September 2020	\$21.82	▲ 2.81%	▼ -11.80%	▼ -31.92%	
Prompt Month: October 2020	\$22.27	▲ 13.45%	▼ -7.78%	▼ -14.51%	
12 Mth Strip (Oct20-Sept21)	\$28.54	▼ -3.42%	▲ 0.15%	▼ -4.01%	
ISO-NE (SE MASS) - ATC					
Monthly Real-Time Avg: September 2020	\$24.76	▲ 43.34%	▼ -11.73%	▲ 20.33%	
Prompt Month: October 2020	\$21.54	▲ 8.95%	▼ -8.54%	▼ -9.72%	
12 Mth Strip (Oct20-Sept21)	\$36.27	▼ -5.63%	▲ 2.73%	▼ -7.76%	
MISO (Indiana Hub) - ATC					
Monthly Real-Time Avg: September 2020	\$21.29	▲ 4.14%	▼ -7.87%	▼ -24.83%	
Prompt Month: October 2020	\$24.09	▼ -10.94%	▼ -8.37%	▼ -9.54%	
12 Mth Strip (Oct20-Sept21)	\$28.74	▼ -3.35%	▲ 0.95%	▼ -0.67%	
PG&E (NP15 West) - ATC					
Monthly Real-Time Avg: September 2020	\$33.08	▲ 14.96%	▲ 54.79%	▼ -11.57%	
Prompt Month: October 2020	\$36.38	▼ -9.66%	▲ 11.49%	▼ -0.98%	
12 Mth Strip (Oct20-Sept21)	\$38.45	▼ -1.69%	▲ 7.63%	▲ 7.71%	
CANADA *Pricing in Canadian Dollars.	Current	Historical Comparison *(CAD\$/MWh)			
Wholesale Electricity Prices:	9/11/2020	Last Week 9/4/2020	Last Month 8/11/2020	Last Year 9/11/2019	
AESO (Ave.) - ATC					
Rolling 30-Day Average	\$40.70	▲ 7.67%	▼ -32.20%	▼ -8.86%	
IESO (Ave.) - ATC					
Rolling 30-Day Average HOEP	\$17.46	▼ -2.49%	▲ 8.06%	▲ 17.91%	

Trend Analysis

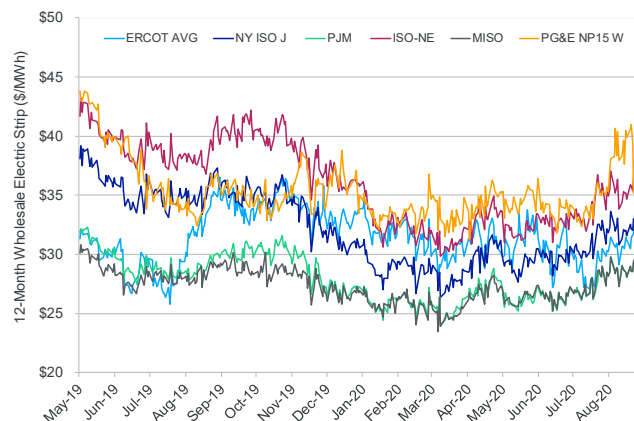
NYMEX Futures Trading Range

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 Sept. 11, 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 Sept. 11, 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	65.9%	84.5%	89.1%	82.7%	91.0%	81.9%

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