

## Market Commentary

### Week of November 13, 2020

Natural gas gained ground as LNG exports climbed to record highs.

#### Electric and Natural Gas Market Drivers

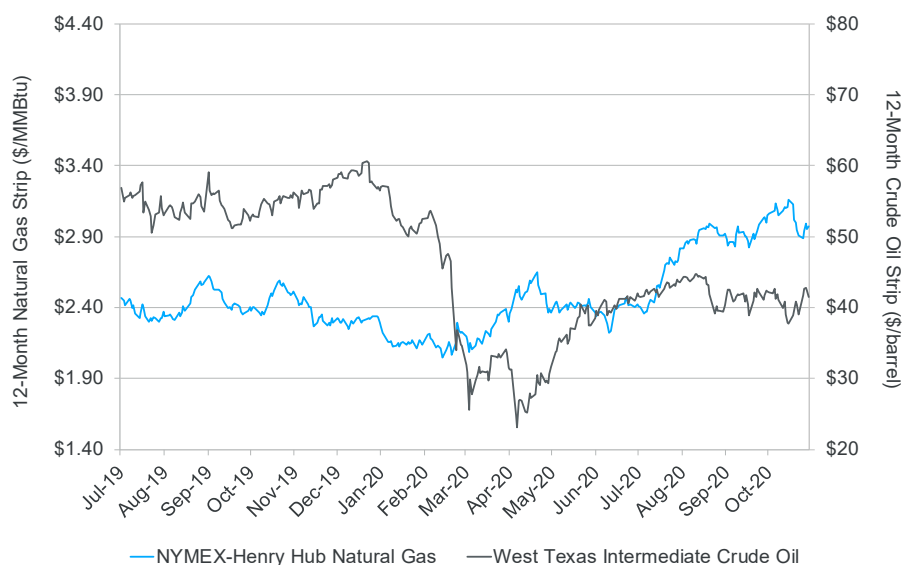
Bullish – Market influences driving prices higher:

- ▲ Natural Gas Production
- ▲ Crude Oil Market
- ▲ Economics
- ▲ U.S. Dollar Value

Bearish – Market influences driving prices lower:

- ▼ Geopolitics
- ▼ Weather Forecast
- ▼ Natural Gas Storage Report

Natural Gas & Crude Oil 12-Month Strip Prices



#### Monday 11/9

The Dec-2020 NYMEX natural gas contract closed 2.9 cents lower at \$2.859 per MMBtu, extending its losing streak to 6 sessions as the weather forecast continued to call for above-normal temperatures to cover much of the nation into late November. Equity markets soared on investor optimism after Pfizer announced a finding that showed its new COVID-19 vaccine was more than 90% effective. The Dec-2020 WTI crude oil contract bounced \$3.15 higher to \$40.29 per barrel following the news that could help lead to a stronger economic recovery and increase demand for the commodity.

#### Tuesday 11/10

Natural gas rebounded 9.0 cents to \$2.949 as traders covered short positions even as the weather forecast remained solidly bearish

for increased heating demand. Crude advanced \$1.07 to \$41.36 on hopes a coronavirus vaccine would soon be available to help offset the negative demand impacts caused by the pandemic. Equities traded in a mixed fashion as traders became a little cautious following the prior day's rally on concerns over rising coronavirus cases.

#### Wednesday 11/11

Natural gas pushed another 8.2 cents higher to \$3.031 as traders keyed on the surge in liquefied natural gas exports, which stretched to a near-record high. Crude oil gained 9 cents to end the session at \$41.45 ahead of the following day's inventory report, which was delayed one day in observance of the Veteran's Day holiday. Stocks were mixed on the day as investors balanced vaccine

news against rising coronavirus cases.

#### Thursday 11/12

Natural gas slipped 5.5 cents to \$2.976 ahead of the next day's storage report, which was expected to show a draw in the single digits. Crude prices declined 33 cents to \$41.12 after the EIA reported a 4.3-Million-barrel increase in oil inventories. Equity markets fell as investors locked in profits following the recent rally on concerns over states implementing new restrictions to battle the pandemic.

#### Friday 11/13

Natural gas inched 1.9 cents higher to \$2.995 after the EIA reported a slim 8 Bcf build to storage, which contrasted with the market's anticipation of a small draw but was not enough to change the current supply and demand narrative. Crude settled 99 cents lower at \$40.13 as fears over a slow recovery due to rising coronavirus cases weighed on the commodity. Equities rebound as investors continued to cheer the positive vaccine news from Pfizer.

#### Looking Ahead

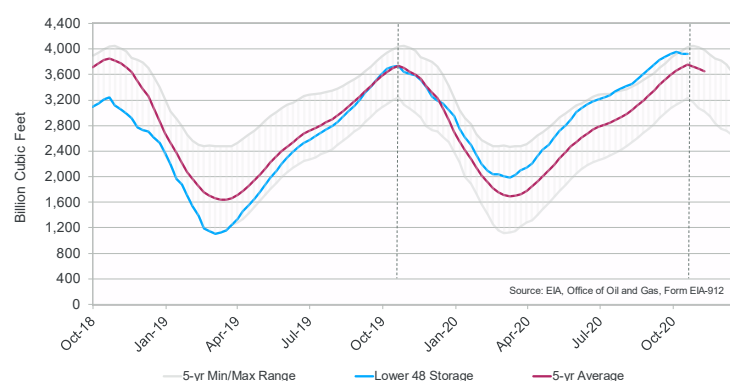
Natural gas traders continue to look for a shift in the weather forecast for signs of increased heating demand in the East.

# Storage and Inventory

	Last Week Comparison					Historical Comparison			
	11/6/2020	10/30/2020	Change (incr/decr)			Same Period Last Year (11/6/2019)	Stocks over/ under Last Year	Same Period 5-Year Ave. (2015-2019)	Stocks over/ under 5-Yr Avg.
Natural Gas in Storage (Bcf)	3,927	3,919	8.0	▲	0.2%	3,731	196.0	3,751	176.0
Crude Oil Inventories (mbpd)	488.7	484.4	4.3	▲	0.9%	449.0	39.7	n/a	n/a

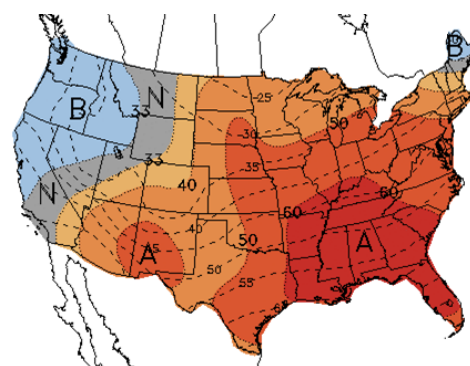
## Working Gas in Underground Storage November 6, 2020

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 November 15, 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 West and Mountain West.



# Natural Gas

UNITED STATES		Current		Historical Comparison (US\$/MMBtu)			
NYMEX Contract:		11/13/2020	Last Week 11/6/2020	Last Month 10/13/2020	Last Year 11/13/2019		
Henry Hub Spot		\$2.820	▲ 5.62%	▲ 31.78%	▲ 6.02%		
Prompt Month: December 2020		\$2.995	▲ 3.70%	▲ 4.90%	▲ 15.19%		
12 Mth Strip (Dec20-Nov21)		\$2.971	▲ 2.17%	▼ -2.11%	▲ 19.46%		
Winter Strip (Dec20-Mar21)		\$2.439	▲ 2.87%	▼ -7.54%	▼ -6.88%		
Summer Strip (Apr21-Oct21)		\$2.866	▲ 2.34%	▼ -0.50%	▲ 19.02%		
Next Winter Strip (Nov21-Mar22)		\$3.145	▲ 0.77%	▲ 1.88%	▲ 17.84%		
Cal '22 (Jan22-Dec22)		\$2.766	▲ 0.09%	▲ 4.06%	▲ 11.64%		

CANADA *Pricing in Canadian Dollars.		Current		Historical Comparison *(CAD\$/GJ)			
AECO:		11/13/2020	Last Week 11/6/2020	Last Month 10/13/2020	Last Year 11/13/2019		
Spot Price		\$2.853	▼ -1.67%	▲ 56.93%	▲ 47.51%		
Prompt Month: December 2020		\$2.349	▲ 10.35%	▲ 3.10%	▲ 22.90%		
12 Mth Strip (Dec20-Nov21)		\$2.128	▲ 2.34%	▼ -4.36%	▲ 44.72%		

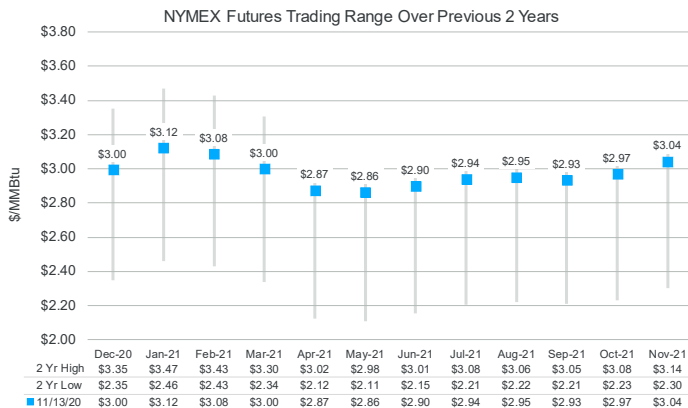
# Electricity

UNITED STATES	Current	Historical Comparison (US\$/MWh)			
Wholesale Electricity Prices:	11/13/2020	Last Week 11/6/2020	Last Month 10/13/2020	Last Year 11/13/2019	
ERCOT (Hub Avg.) - ATC					
Monthly Real-Time Avg: November 2020	\$26.95	▼ -0.08%	▲ 17.91%	▲ 13.67%	
Prompt Month: December 2020	\$24.68	▲ 2.35%	▲ 10.46%	▲ 18.25%	
12 Mth Strip (Dec20-Nov21)	\$31.26	▲ 1.56%	▲ 0.58%	▼ -9.11%	
NY ISO (Zone J) - ATC					
Monthly Real-Time Avg: November 2020	\$18.06	▼ -6.91%	▲ 10.16%	▼ -37.93%	
Prompt Month: December 2020	\$36.57	▲ 2.52%	▲ 36.56%	▼ -2.69%	
12 Mth Strip (Dec20-Nov21)	\$34.28	▲ 1.86%	▲ 3.02%	▲ 0.29%	
PJM (Western Hub) - ATC					
Monthly Real-Time Avg: November 2020	\$21.99	▼ -2.14%	▲ 15.94%	▼ -28.70%	
Prompt Month: December 2020	\$29.71	▲ 51.35%	▲ 17.48%	▼ -2.43%	
12 Mth Strip (Dec20-Nov21)	\$30.08	▲ 1.80%	▲ 2.76%	▲ 2.92%	
ISO-NE (SE MASS) - ATC					
Monthly Real-Time Avg: November 2020	\$24.52	▼ -26.35%	▲ 1.73%	▼ -24.71%	
Prompt Month: December 2020	\$46.68	▲ 136.12%	▲ 34.10%	▼ -0.55%	
12 Mth Strip (Dec20-Nov21)	\$37.91	▲ 1.95%	▲ 3.21%	▼ -3.34%	
MISO (Indiana Hub) - ATC					
Monthly Real-Time Avg: November 2020	\$24.16	▼ -17.21%	▲ 8.61%	▼ -29.44%	
Prompt Month: December 2020	\$29.06	▲ 2.43%	▲ 11.34%	▲ 1.72%	
12 Mth Strip (Dec20-Nov21)	\$30.47	▲ 1.68%	▲ 3.46%	▲ 8.11%	
PG&E (NP15 West) - ATC					
Monthly Real-Time Avg: November 2020	\$35.96	▼ -17.46%	▲ 5.66%	▲ 2.17%	
Prompt Month: December 2020	\$50.52	▲ 3.10%	▲ 17.82%	▲ 27.67%	
12 Mth Strip (Dec20-Nov21)	\$41.04	▲ 2.24%	▲ 4.23%	▲ 17.67%	
CANADA *Pricing in Canadian Dollars.	Current	Historical Comparison *(CAD\$/MWh)			
Wholesale Electricity Prices:	11/13/2020	Last Week 11/6/2020	Last Month 10/13/2020	Last Year 11/13/2019	
AESO (Ave.) - ATC					
Rolling 30-Day Average	\$59.59	▼ -5.92%	▲ 63.43%	▲ 15.03%	
IESO (Ave.) - ATC					
Rolling 30-Day Average HOEP	\$10.41	▲ 3.04%	▼ -2.09%	▼ -2.19%	

# Trend Analysis

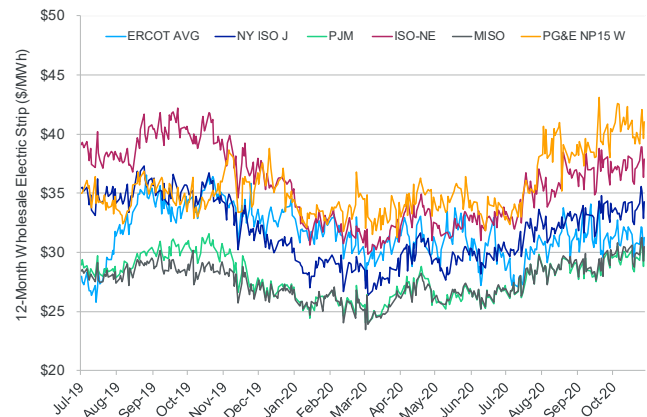
## NYMEX Futures Trading Range

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 Nov. 13, 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 Nov. 13, 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	53.0%	73.8%	79.3%	71.1%	87.2%	84.5%

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