

Market Commentary

Week of July 16, 2021

Natural gas recovers late-week with supply and demand in focus.

Electric and Natural Gas Market Drivers

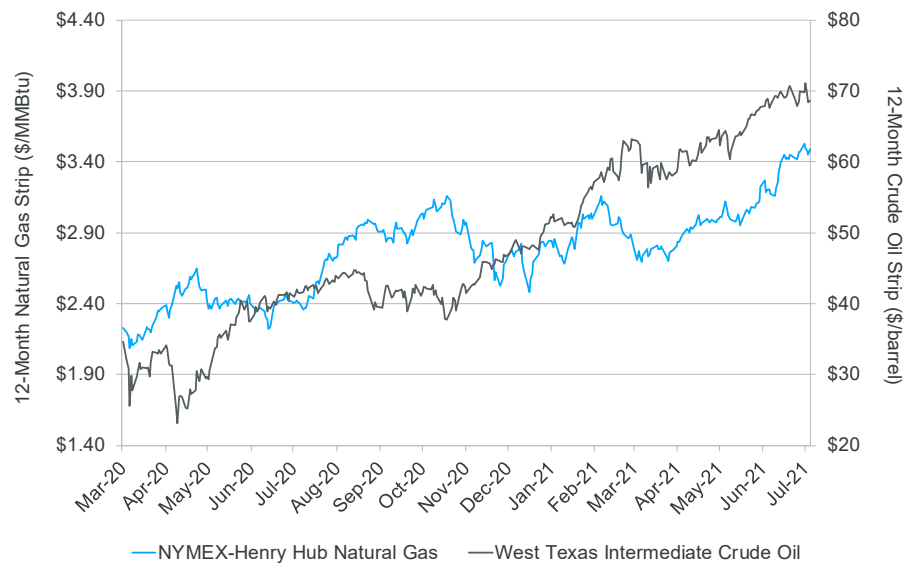
Bullish – Market influences driving prices higher:

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

Bearish – Market influences driving prices lower:

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

Natural Gas & Crude Oil 12-Month Strip Prices



Monday 7/12

The Aug-2021 NYMEX natural gas contract pushed 7.5 cents higher to \$3.749 per MMBtu amid continued strength in overall national cooling demand. The Aug-2021 WTI crude oil contract declined 46 cents to \$74.10 per barrel on demand concerns after G20 finance chiefs said the spread of coronavirus variants and uneven access to vaccines threatened the global economic recovery. Equity markets bounced higher ahead of the start of second quarter earnings season as investors looked to gauge the health of the economic recovery.

Tuesday 7/13

Natural gas edged 5.3 cents lower to \$3.696 as the weather forecast called for widespread below normal temperatures in the South and Mid-Atlantic, which offset persistent heat in the West. Crude

oil rebounded \$1.15 to \$75.25 ahead of Wednesday's inventory report, which was expected to show another draw in U.S. supplies. Equities retreated as consumer inflation data revitalized concerns over the potential negative impacts on the economic recovery.

Wednesday 7/14

Natural gas shed 3.6 cents to settle at \$3.660 on profit-taking after updated weather forecasts showed an extension of cooler trends in the 8-14-day period. Crude fell \$2.12 despite a 7.9 Mb decline in inventories after the UAE and Saudi Arabia reached a compromise to lift their baseline output quota and on news Chinese oil imports fell by 3%, the first contraction since 2013. Stocks advanced even after the BLS reported wholesale inflation jumped to its highest annual pace in over 10 years.

Thursday 7/15

Natural gas lost another 4.6 cents to close at \$3.614 after the EIA reported a larger-than-expected 55 Bcf injection into storage, which marginally narrowed the deficit to the 5-year average to 189 Bcf. Crude oil settled \$1.48 lower at \$71.65 after data from the weekly inventory report showed U.S. production climbed to a 14-month high. Equities were mixed on the day after Federal Reserve Chairman Jerome Powell said inflation would likely remain elevated in the coming months before moderating.

Friday 7/16

Natural gas rebounded 6.0 cents to end the week unchanged at \$3.674 as traders focused on the tightness in the market with production sliding to around 91 Bcf per day. Oil inched 16 cents higher to \$71.81 as traders covered short positions following 2 days of steep losses. Stocks tumbled lower as growing inflation concerns outweighed an unexpected jump in retail sales during the month of June.

Looking Ahead

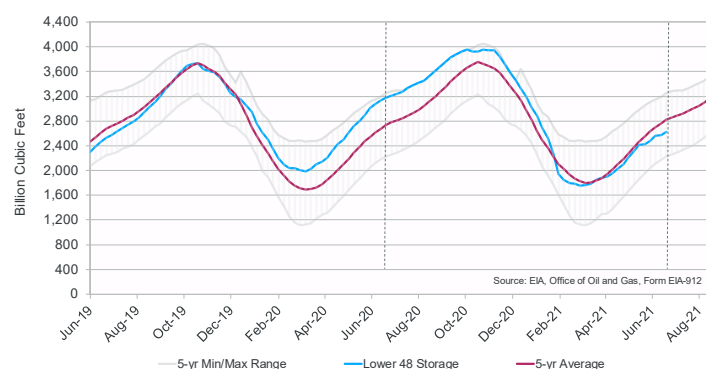
Natural gas traders will continue to closely follow the pace of storage injections to forecast pre-winter levels.

Storage and Inventory

	Last Week Comparison				Historical Comparison			
	7/9/2021	7/2/2021	Change (incr/decr)		Same Period Last Year (7/9/2020)	Stocks over/under Last Year	Same Period 5-Year Ave. (2016-2020)	Stocks over/under 5-Yr Avg.
Natural Gas in Storage (Bcf)	2,629	2,574	55.0 ▲ 2.1%		3,172	-543.0	2,818	-189.0
Crude Oil Inventories (mbpd)	437.6	445.5	-7.9 ▼ -1.8%		531.7	-94.1	n/a	n/a

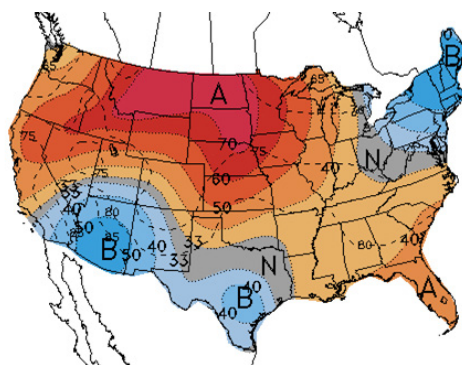
Working Gas in Underground Storage July 9, 2021

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 July 18, 2021

The short-term weather forecast is calling for above-normal temperatures in much of the Midwest, South, Mountain West, and West, with below-normal temperatures in the Northeast and Desert Southwest.



Natural Gas

UNITED STATES		Current				Historical Comparison (US\$/MMBtu)		
NYMEX Contract:		7/16/2021	Last Week 7/9/2021	Last Month 6/16/2021	Last Year 7/16/2020			
Henry Hub Spot		\$3.700	▼ -0.27%	▲ 13.85%	▲ 106.70%			
Prompt Month: August 2021		\$3.674	▲ 0.00%	▲ 13.01%	▲ 113.23%			
12 Mth Strip (Aug21-Jul22)		\$3.488	▲ 0.49%	▲ 8.86%	▲ 44.91%			
Summer Strip (Aug21-Oct21)		\$3.665	▲ 0.05%	▲ 12.12%	▲ 104.46%			
Winter Strip (Nov21-Mar22)		\$3.781	▲ 0.77%	▲ 11.26%	▲ 39.48%			
Next Summer Strip (Apr22-Oct22)		\$3.000	▲ 0.46%	▲ 6.25%	▲ 19.40%			
Cal '23 (Jan23-Dec23)		\$2.809	▲ 0.14%	▲ 3.23%	▲ 15.96%			

CANADA *Pricing in Canadian Dollars.		Current				Historical Comparison *(CAD\$/GJ)		
AECO:		7/16/2021	Last Week 7/9/2021	Last Month 6/16/2021	Last Year 7/16/2020			
Spot Price		\$3.359	▲ 0.62%	▲ 14.03%	▲ 87.78%			
Prompt Month: August 2021		\$2.827	▲ 1.08%	▲ 5.79%	▲ 97.77%			
12 Mth Strip (Aug21-Jul22)		\$2.840	▲ 1.97%	▲ 9.24%	▲ 66.32%			

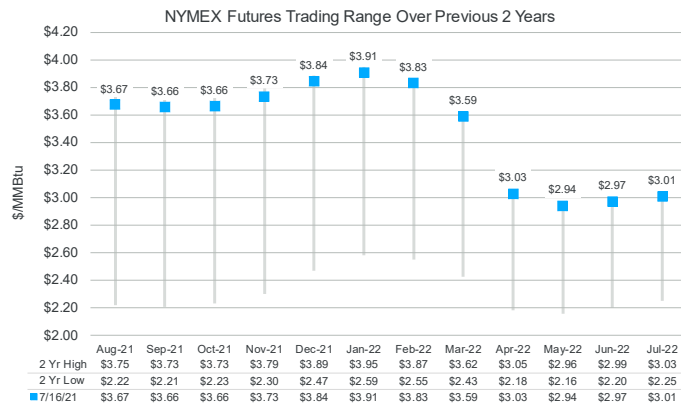
Electricity

UNITED STATES	Current	Historical Comparison (US\$/MWh)			
Wholesale Electricity Prices:	7/16/2021	Last Week 7/9/2021	Last Month 6/16/2021	Last Year 7/16/2020	
ERCOT (Hub Avg.) - ATC					
Monthly Real-Time Avg: July 2021	\$28.83	▼ -8.91%	▼ -34.12%	▲ 56.73%	
Prompt Month: August 2021	\$78.01	▼ -6.98%	▲ 38.57%	▲ 29.85%	
12 Mth Strip (Aug21-Jul22)	\$40.47	▼ -3.10%	▲ 1.67%	▲ 41.93%	
NY ISO (Zone J) - ATC					
Monthly Real-Time Avg: July 2021	\$46.54	▼ -9.95%	▲ 29.95%	▲ 89.55%	
Prompt Month: August 2021	\$44.49	▲ 1.14%	▲ 10.40%	▲ 85.84%	
12 Mth Strip (Aug21-Jul22)	\$44.57	▼ -0.52%	▲ 5.93%	▲ 46.74%	
PJM (Western Hub) - ATC					
Monthly Real-Time Avg: July 2021	\$33.31	▲ 0.29%	▲ 13.48%	▲ 23.82%	
Prompt Month: August 2021	\$35.22	▼ -0.42%	▲ 3.92%	▲ 48.11%	
12 Mth Strip (Aug21-Jul22)	\$34.32	▼ -0.72%	▲ 2.58%	▲ 26.28%	
ISO-NE (SE MASS) - ATC					
Monthly Real-Time Avg: July 2021	\$33.85	▲ 4.86%	▲ 1.56%	▲ 65.45%	
Prompt Month: August 2021	\$40.62	▼ -2.17%	▲ 7.12%	▲ 76.84%	
12 Mth Strip (Aug21-Jul22)	\$48.81	▼ -1.43%	▲ 5.84%	▲ 47.21%	
MISO (Indiana Hub) - ATC					
Monthly Real-Time Avg: July 2021	\$34.33	▼ -2.66%	▲ 2.39%	▲ 34.47%	
Prompt Month: August 2021	\$37.11	▼ -1.20%	▲ 2.77%	▲ 47.50%	
12 Mth Strip (Aug21-Jul22)	\$34.50	▼ -0.88%	▲ 2.36%	▲ 28.17%	
PG&E (NP15 West) - ATC					
Monthly Real-Time Avg: July 2021	\$61.60	▲ 0.47%	▲ 74.45%	▲ 139.87%	
Prompt Month: August 2021	\$97.69	▲ 18.40%	▲ 2.90%	▲ 220.61%	
12 Mth Strip (Aug21-Jul22)	\$56.77	▲ 5.68%	▼ -4.40%	▲ 73.44%	
CANADA *Pricing in Canadian Dollars.					
	Current	Historical Comparison *(CAD\$/MWh)			
Wholesale Electricity Prices:	7/16/2021	Last Week 7/9/2021	Last Month 6/16/2021	Last Year 7/16/2020	
AESO (Ave.) - ATC					
Rolling 30-Day Average	\$143.25	▲ 8.38%	▲ 33.53%	▲ 337.35%	
IESO (Ave.) - ATC					
Rolling 30-Day Average HOEP	\$25.57	▲ 8.59%	▲ 34.54%	▲ 40.70%	

Trend Analysis

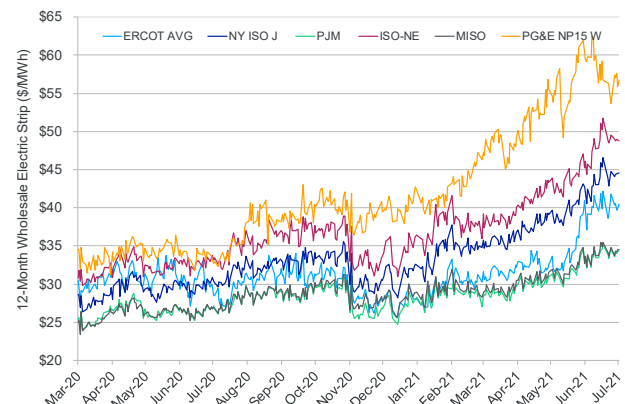
NYMEX Futures Trading Range

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 July 16, 2021.



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 July 16, 2021.



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	37.1%	71.3%	70.3%	65.3%	86.0%	81.4%

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