

## Market Commentary

### Week of October 8, 2021

Natural gas loses ground following a large storage build.

### Electric and Natural Gas Market Drivers

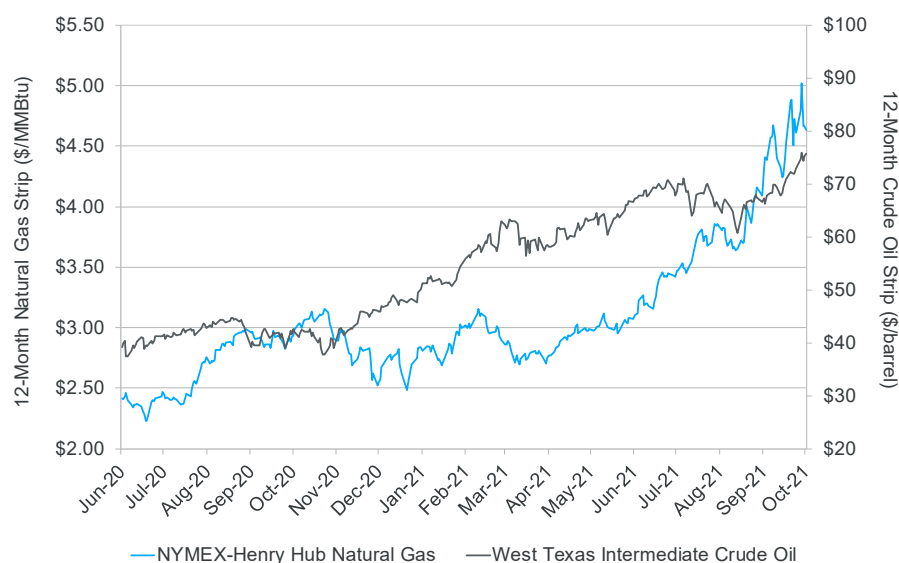
Bullish – Market influences driving prices higher:

- ▲ Natural Gas Production
- ▲ Crude Oil Market
- ▲ Economics
- ▲ Geopolitics

Bearish – Market influences driving prices lower:

- ▼ U.S. Dollar
- ▼ Weather Forecast
- ▼ Natural Gas Storage Report

Natural Gas & Crude Oil 12-Month Strip Prices



#### Monday 10/4

The Nov-2021 NYMEX natural gas contract climbed 14.7 cents higher to \$5.766 per MMBtu despite a bearish domestic weather forecast as the market continued to take its cue from volatile European prices. The Nov-2021 WTI crude oil contract jumped \$1.74 higher to \$77.62 per barrel after OPEC opted against opening the production floodgates and decided to gradually increase output by 400,000 barrels each month until they reached pre-pandemic levels. Equity markets retreated as rising bond yields weighed on tech stocks and on concerns over the debt ceiling debate in Washington.

#### Tuesday 10/5

Natural gas soared 54.6 cents higher to \$6.312 on heightened market speculation even though early estimates for the week's

storage report centered around a triple digit build. Crude advanced another \$1.31 to \$78.93 after OPEC resisted calls to quickly ramp up output and maintained its disciplined approach to production quotas. Equities rebounded with support from rising energy shares and positive monthly growth from the services sector.

#### Wednesday 10/6

Natural gas tumbled 63.7 cents lower to \$5.675 ahead of Thursday's storage report, which was expected to show a triple-digit build that would narrow the deficit to the 5-year average by at least 20 Bcf. Oil prices fell \$1.50 lower at \$77.43 after the EIA reported a 2.3-Million-barrel build in oil inventories. Stocks pressed higher on growing concerns over the constrained supply chain and the economic recovery.

#### Thursday 10/7

Natural gas inched 0.2 cents higher to \$5.677 even after the EIA reported a solid 118 Bcf injection into storage, which cut into the deficit to the 5-year average by 37 Bcf to a less concerning 176 Bcf. Crude closed 87 cents higher at \$78.30 after the U.S. Energy Department said it had no plans to tap the Strategic Oil Reserve to blunt the recent rise in prices. Equities traded in the green after the U.S. Senate reached a deal to extend the debt ceiling through early December.

#### Friday 10/8

Natural gas settled 11.2 cents lower at \$5.565 following the prior day's strong storage injection and on a decidedly bearish weather forecast for early season heating demand. Crude pushed \$1.05 higher to \$79.35 on expectations of stronger demand this winter with the potential for increased gas-to-oil switching to generate power in the northern hemisphere. Stocks were mixed on the day after the Labor Department reported a weaker-than-expected 194,000 jobs were created in September.

#### Looking Ahead

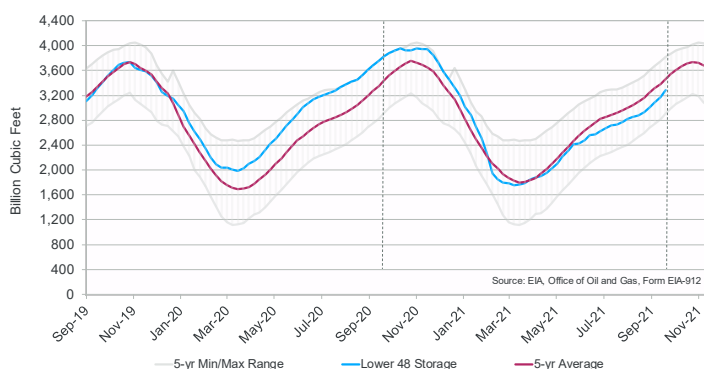
Natural gas is likely to continue to experience volatile daily swings as pre-winter storage levels come into focus.

# Storage and Inventory

	Last Week Comparison					Historical Comparison			
	10/1/2021	9/24/2021	Change (incr/decr)			Same Period Last Year (10/1/2020)	Stocks over/under Last Year	Same Period 5-Year Ave. (2016-2020)	Stocks over/under 5-Yr Avg.
Natural Gas in Storage (Bcf)	3,288	3,170	118.0	▲	3.7%	3,820	-532.0	3,464	-176.0
Crude Oil Inventories (mbpd)	420.9	418.5	2.3	▲	0.5%	492.9	-72.0	n/a	n/a

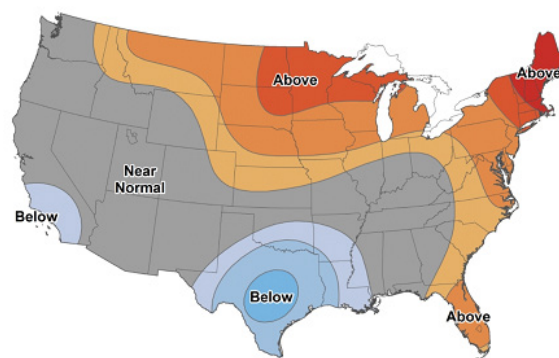
## Working Gas in Underground Storage October 1, 2021

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 October 10, 2021

The short-term weather forecast is calling for above-normal temperatures to cover much of the East, Midwest, and Upper Mountain West, with below-normal temperatures in the South Central.



# Natural Gas

UNITED STATES		Current				Historical Comparison (US\$/MMBtu)			
NYMEX Contract:		10/8/2021	Last Week 10/1/2021	Last Month 9/8/2021	Last Year 10/8/2020				
Henry Hub Spot		\$5.710	▲ 1.78%	▲ 22.53%	▲ 283.22%				
Prompt Month: November 2021		\$5.565	▼ -0.96%	▲ 13.25%	▲ 111.84%				
12 Mth Strip (Nov21-Oct22)		\$4.635	▲ 0.48%	▲ 7.42%	▲ 57.71%				
Winter Strip (Nov21-Mar22)		\$5.630	▼ -0.68%	▲ 13.95%	▲ 81.87%				
Summer Strip (Apr22-Oct22)		\$3.925	▲ 1.72%	▲ 6.15%	▲ 38.80%				
Next Winter Strip (Nov22-Mar23)		\$4.120	▲ 1.92%	▲ 7.89%	▲ 36.19%				
Cal '23 (Jan23-Dec23)		\$3.498	▲ 1.03%	▲ 8.80%	▲ 41.98%				

CANADA *Pricing in Canadian Dollars.		Current				Historical Comparison *(CAD\$/GJ)			
AECO:		10/8/2021	Last Week 10/1/2021	Last Month 9/8/2021	Last Year 10/8/2020				
Spot Price		\$4.159	▲ 11.85%	▲ 23.87%	▲ 134.08%				
Prompt Month: November 2021		\$4.359	▲ 17.09%	▲ 38.88%	▲ 108.35%				
12 Mth Strip (Nov21-Oct22)		\$3.560	▲ 9.98%	▲ 11.25%	▲ 66.74%				

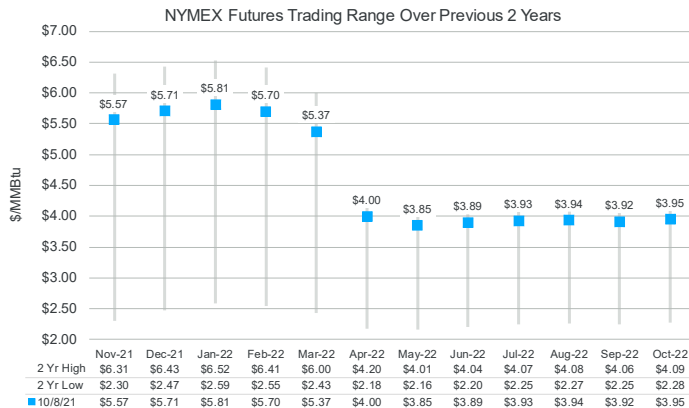
# Electricity

UNITED STATES	Current	Historical Comparison (US\$/MWh)			
Wholesale Electricity Prices:	10/8/2021	Last Week 10/1/2021	Last Month 9/8/2021	Last Year 10/8/2020	
ERCOT (Hub Avg.) - ATC					
Monthly Real-Time Avg: October 2021	\$54.39	▲ 9.87%	▲ 28.94%	▲ 154.98%	
Prompt Month: November 2021	\$46.57	▼ -1.71%	▼ -3.70%	▲ 129.34%	
12 Mth Strip (Nov21-Oct22)	\$49.26	▲ 2.77%	▲ 9.58%	▲ 66.64%	
NY ISO (Zone J) - ATC					
Monthly Real-Time Avg: October 2021	\$54.13	▲ 13.05%	▲ 26.96%	▲ 228.34%	
Prompt Month: November 2021	\$65.15	▼ -0.67%	▲ 47.90%	▲ 143.01%	
12 Mth Strip (Nov21-Oct22)	\$64.24	▲ 1.05%	▲ 15.10%	▲ 95.67%	
PJM (Western Hub) - ATC					
Monthly Real-Time Avg: October 2021	\$66.36	▲ 28.60%	▲ 70.39%	▲ 243.09%	
Prompt Month: November 2021	\$58.17	▲ 9.57%	▲ 35.53%	▲ 138.01%	
12 Mth Strip (Nov21-Oct22)	\$52.32	▲ 5.66%	▲ 22.19%	▲ 83.13%	
ISO-NE (SE MASS) - ATC					
Monthly Real-Time Avg: October 2021	\$51.17	▲ 11.97%	▲ 27.07%	▲ 129.76%	
Prompt Month: November 2021	\$76.70	▼ -3.92%	▲ 53.62%	▲ 114.73%	
12 Mth Strip (Nov21-Oct22)	\$77.61	▼ -1.04%	▲ 16.96%	▲ 108.86%	
MISO (Indiana Hub) - ATC					
Monthly Real-Time Avg: October 2021	\$62.51	▲ 18.81%	▲ 60.72%	▲ 184.79%	
Prompt Month: November 2021	\$57.33	▲ 9.72%	▲ 30.35%	▲ 133.33%	
12 Mth Strip (Nov21-Oct22)	\$49.35	▲ 6.59%	▲ 16.21%	▲ 76.46%	
PG&E (NP15 West) - ATC					
Monthly Real-Time Avg: October 2021	\$66.16	▼ -12.13%	▲ 1.57%	▲ 74.69%	
Prompt Month: November 2021	\$72.84	▼ -6.28%	▲ 5.81%	▲ 64.91%	
12 Mth Strip (Nov21-Oct22)	\$69.89	▼ -7.01%	▲ 3.40%	▲ 78.72%	
CANADA *Pricing in Canadian Dollars.	Current	Historical Comparison *(CAD\$/MWh)			
Wholesale Electricity Prices:	10/8/2021	Last Week 10/1/2021	Last Month 9/8/2021	Last Year 10/8/2020	
AESO (Ave.) - ATC					
Rolling 30-Day Average	\$108.94	▲ 11.10%	▲ 49.32%	▲ 203.45%	
IESO (Ave.) - ATC					
Rolling 30-Day Average HOEP	\$34.04	▲ 13.85%	▼ -17.06%	▲ 172.78%	

# Trend Analysis

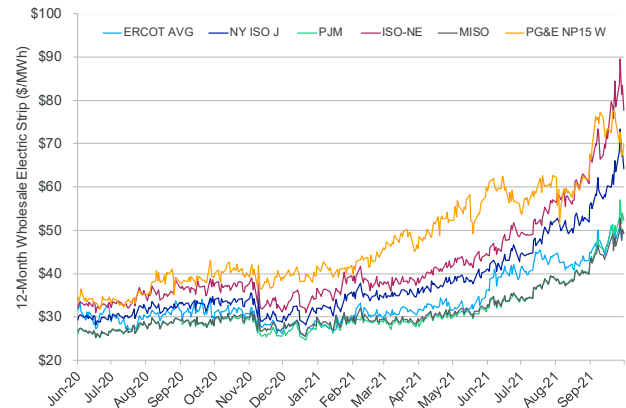
## NYMEX Futures Trading Range

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 October 8, 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 October 8, 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	81.2%	93.5%	92.4%	91.7%	96.0%	91.6%

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