

Energy Market Watch

June 27, 2022

Market Commentary

Storage & Inventory

Natural Gas

Electricity

Trend Analysis

Market Commentary

Week of June 24, 2022

Natural gas continues to slide on larger-than-expected storage build.

Electric and Natural Gas Market Drivers

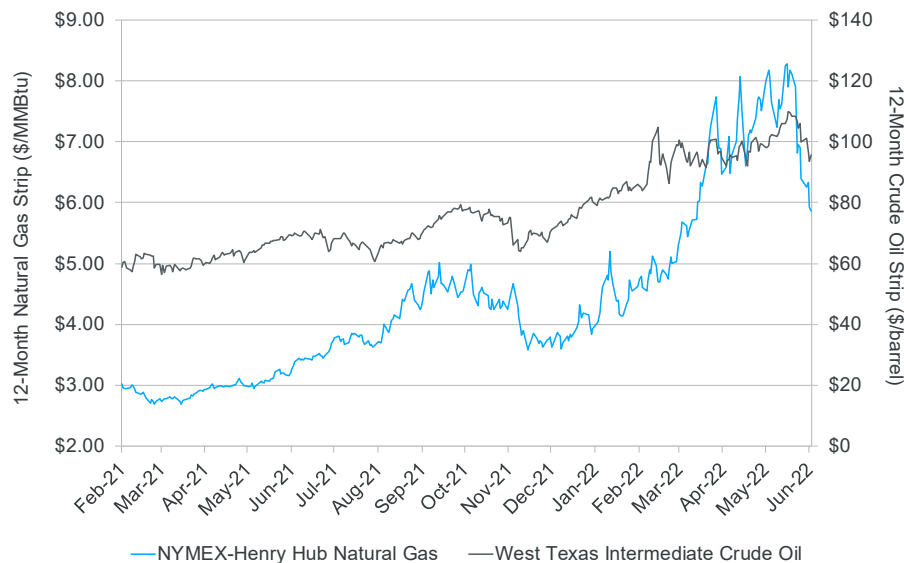
Bullish – Market influences driving prices higher:

- ▲ Geopolitics
- ▲ Weather Forecast
- ▲ Economics
- ▲ Natural Gas Production

Bearish – Market influences driving prices lower:

- ▼ U.S. Dollar
- ▼ Crude Oil Market
- ▼ Natural Gas Storage Report

Natural Gas & Crude Oil 12-Month Strip Prices



Monday 6/20

Markets were closed in observance of the Juneteenth holiday.

Tuesday 6/21

When trading resumed, the Jul-2022 NYMEX natural gas contract declined 13.6 cents to end the day at \$6.808 per MMBtu as weekend weather forecasts called for temperatures to trend back toward normal for the end of June. The Jul-2022 WTI crude oil contract closed and expired \$1.09 higher at \$110.65 per barrel on continued market tightness after recent mobility data showed solid summer fuel demand. Equity markets bounced higher following the worst trading week in two years as investors waded into the markets to scoop up stocks at a discount.

Wednesday 6/22

Natural gas climbed 5.0 cents higher to \$6.858 ahead of the next day's storage report, which was expected to show a build in the mid-60s that would further widen the storage deficit. The new prompt Aug-2022 WTI crude oil contract fell \$3.33 to \$106.19 after the American Petroleum Institute reported an unexpected 5.61 million-barrel increase to oil inventories. Equities landed in the red after Federal Reserve Chairman Jerome Powell said the central bank was strongly committed to taming rising inflation, but that would elevate the risks of an economic downturn.

Thursday 6/23

Natural gas tumbled 61.9 cents to settle at \$6.239 after the EIA

reported a higher-than-expected 74 Bcf build to storage, which gave the market the first glimpse of how the Freeport outage could influence future builds. Equity markets managed to erase early session losses despite continued concerns over Powell's testimony that warned rapidly rising interest rates could pave the way for a recession. Crude oil lost another \$1.92 to finish the session at \$104.27 after the EIA's weekly inventory report was delayed until the following week due to technical issues.

Friday 6/24

The cost of natural gas edged 1.9 cents lower to close at \$6.220 as traders continued to contemplate how the Freeport LNG export facility outage would help balance supply and demand. Oil prices pushed \$3.35 higher to \$107.62 as traders looked ahead to the following week's G-7 meeting for signs of additional sanctions against Russia's oil exports. Equity markets soared higher even after a survey showed consumers expressed the highest level of uncertainty over inflation in 30 years.

Looking Ahead

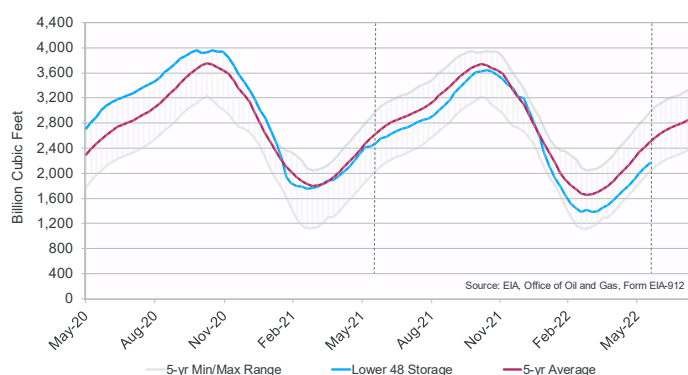
Natural gas traders will pay close attention to the supply and demand balance with less supplies being shipped overseas.

Storage and Inventory

| | Last Week Comparison | | | | | Historical Comparison | | | |
|------------------------------|----------------------|-----------|-----------------------|---|------|---|------------------------------------|---|------------------------------------|
| | 6/17/2022 | 6/10/2022 | Change (incr/decr) | | | Same Period Last Year (6/17/2021) | Stocks over/ under Last Year | Same Period 5-Year Ave. (2017-2021) | Stocks over/ under 5-Yr Avg. |
| Natural Gas in Storage (Bcf) | 2,169 | 2,095 | 74.0 | ▲ | 3.5% | 2,474 | -305.0 | 2,500 | -331.0 |
| Crude Oil Inventories (mbpd) | 418.7 | 418.7 | 0.0 | ▲ | 0.0% | 459.1 | -40.3 | n/a | n/a |

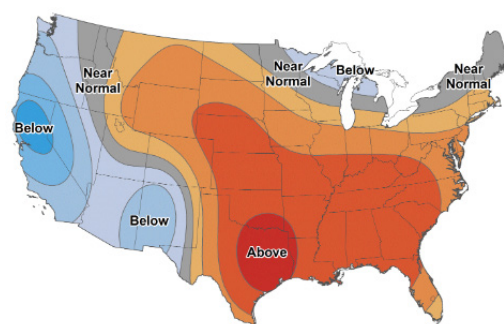
Working Gas in Underground Storage June 17, 2022

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 26, 2022

The short-term weather forecast is calling for above-normal temperatures throughout the eastern three-fourths of the nation, with below-normal temperatures in the West and Desert Southwest.



Natural Gas

| UNITED STATES | | Current | | | | Historical Comparison (US\$/MMBtu) | | | |
|---------------------------------|--|-----------|---------------------|----------------------|---------------------|------------------------------------|--|--|--|
| NYMEX Contract: | | 6/24/2022 | Last Week 6/17/2022 | Last Month 5/24/2022 | Last Year 6/24/2021 | | | | |
| Henry Hub Spot | | \$5.800 | ▼ -20.93% | ▼ -34.61% | ▲ 75.76% | | | | |
| Prompt Month: July 2022 | | \$6.220 | ▼ -10.43% | ▼ -29.29% | ▲ 81.98% | | | | |
| 12 Mth Strip (Jul22-Jun23) | | \$5.867 | ▼ -8.21% | ▼ -27.07% | ▲ 76.40% | | | | |
| Summer Strip (Jul22-Oct22) | | \$6.257 | ▼ -9.19% | ▼ -28.88% | ▲ 82.79% | | | | |
| Winter Strip (Nov22-Mar23) | | \$6.303 | ▼ -8.10% | ▼ -25.82% | ▲ 79.12% | | | | |
| Next Summer Strip (Apr23-Oct23) | | \$4.666 | ▼ -6.36% | ▼ -6.90% | ▲ 61.16% | | | | |
| Cal '24 (Jan24-Dec24) | | \$4.621 | ▼ -3.79% | ▲ 2.75% | ▲ 74.03% | | | | |

| CANADA *Pricing in Canadian Dollars. | | Current | | | | Historical Comparison *(CAD\$/GJ) | | | |
|--------------------------------------|--|-----------|---------------------|----------------------|---------------------|-----------------------------------|--|--|--|
| AECO: | | 6/24/2022 | Last Week 6/17/2022 | Last Month 5/24/2022 | Last Year 6/24/2021 | | | | |
| Spot Price | | \$6.997 | ▼ -1.67% | ▲ 9.82% | ▲ 136.61% | | | | |
| Prompt Month: July 2022 | | \$5.042 | ▼ -1.59% | ▼ -16.63% | ▲ 84.15% | | | | |
| 12 Mth Strip (Jul22-Jun23) | | \$4.445 | ▼ -8.92% | ▼ -26.30% | ▲ 68.29% | | | | |

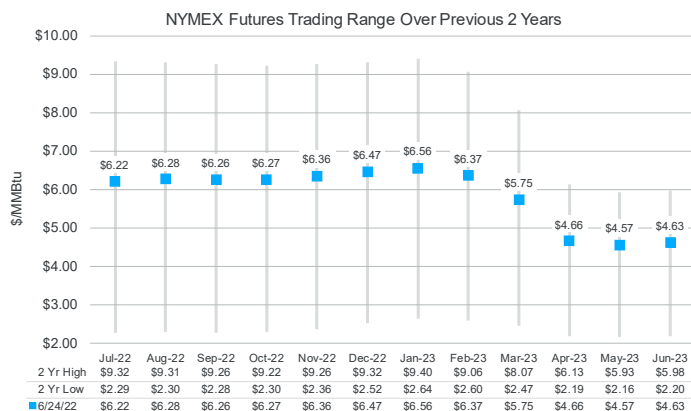
Electricity

| UNITED STATES | Current | Historical Comparison (US\$/MWh) | | | |
|--------------------------------------|-----------|------------------------------------|----------------------|---------------------|--|
| Wholesale Electricity Prices: | 6/24/2022 | Last Week 6/17/2022 | Last Month 5/24/2022 | Last Year 6/24/2021 | |
| ERCOT (Hub Avg.) - ATC | | | | | |
| Monthly Real-Time Avg: June 2022 | \$64.50 | ▼ -0.72% | ▼ -22.68% | ▲ 69.96% | |
| Prompt Month: July 2022 | \$114.29 | ▼ -3.78% | ▲ 5.59% | ▲ 93.09% | |
| 12 Mth Strip (Jul22-Jun23) | \$79.30 | ▼ -6.07% | ▼ -14.45% | ▲ 90.42% | |
| NY ISO (Zone J) - ATC | | | | | |
| Monthly Real-Time Avg: June 2022 | \$79.08 | ▼ -8.69% | ▲ 5.94% | ▲ 132.18% | |
| Prompt Month: July 2022 | \$101.68 | ▼ -13.35% | ▲ 8.77% | ▲ 130.41% | |
| 12 Mth Strip (Jul22-Jun23) | \$101.20 | ▼ -12.94% | ▼ -11.78% | ▲ 127.95% | |
| PJM (Western Hub) - ATC | | | | | |
| Monthly Real-Time Avg: June 2022 | \$97.19 | ▼ -8.27% | ▲ 30.60% | ▲ 241.44% | |
| Prompt Month: July 2022 | \$115.93 | ▼ -26.05% | ▲ 14.48% | ▲ 229.91% | |
| 12 Mth Strip (Jul22-Jun23) | \$89.90 | ▼ -16.93% | ▼ -13.74% | ▲ 159.32% | |
| ISO-NE (SE MASS) - ATC | | | | | |
| Monthly Real-Time Avg: June 2022 | \$74.33 | ▼ -7.48% | ▲ 2.64% | ▲ 136.04% | |
| Prompt Month: July 2022 | \$89.44 | ▼ -16.96% | ▲ 8.85% | ▲ 109.66% | |
| 12 Mth Strip (Jul22-Jun23) | \$117.16 | ▼ -9.92% | ▼ -3.21% | ▲ 138.65% | |
| MISO (Indiana Hub) - ATC | | | | | |
| Monthly Real-Time Avg: June 2022 | \$88.77 | ▼ -6.62% | ▲ 15.62% | ▲ 185.20% | |
| Prompt Month: July 2022 | \$117.44 | ▼ -25.81% | ▲ 12.03% | ▲ 215.78% | |
| 12 Mth Strip (Jul22-Jun23) | \$88.65 | ▼ -16.82% | ▼ -14.21% | ▲ 153.75% | |
| PG&E (NP15 West) - ATC | | | | | |
| Monthly Real-Time Avg: June 2022 | \$78.45 | ▲ 2.48% | ▲ 23.61% | ▲ 101.96% | |
| Prompt Month: July 2022 | \$83.96 | ▼ -2.71% | ▼ -0.87% | ▼ -18.64% | |
| 12 Mth Strip (Jul22-Jun23) | \$79.25 | ▼ -6.17% | ▼ -16.41% | ▲ 33.57% | |
| CANADA *Pricing in Canadian Dollars. | Current | Historical Comparison *(CAD\$/MWh) | | | |
| Wholesale Electricity Prices: | 6/24/2022 | Last Week 6/17/2022 | Last Month 5/24/2022 | Last Year 6/24/2021 | |
| AESO (Ave.) - ATC | | | | | |
| Rolling 30-Day Average | \$133.61 | ▼ -1.31% | ▲ 10.21% | ▲ 22.17% | |
| IESO (Ave.) - ATC | | | | | |
| Rolling 30-Day Average HOEP | \$29.52 | ▲ 10.27% | ▲ 0.69% | ▲ 55.73% | |

Trend Analysis

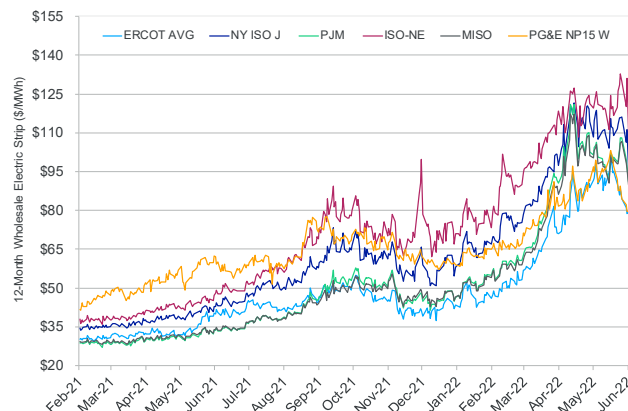
NYMEX Futures Trading Range

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 24, 2022.



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 24, 2022.



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 | 98.4% | 98.3% | 97.9% | 96.6% | 97.6% | 93.3% |

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