

Market Commentary

Week of August 12, 2022

Natural gas pops with production pulling back from record highs.

Electric and Natural Gas Market Drivers

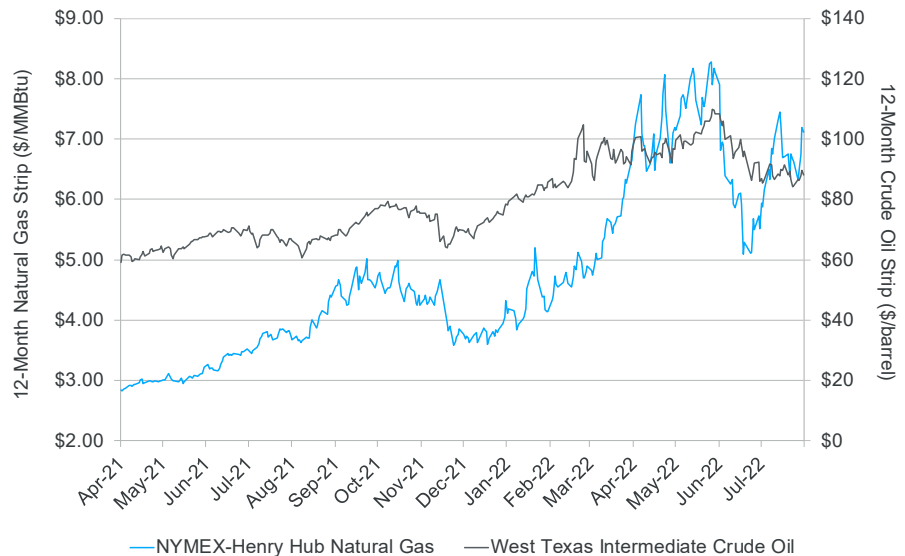
Bullish – Market influences driving prices higher:

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

Bearish – Market influences driving prices lower:

- ▼ U.S. Dollar
- ▼ Weather Forecast

Natural Gas & Crude Oil 12-Month Strip Prices



Monday 8/8

The Sept-2022 NYMEX natural gas contract tumbled 47.5 cents lower to \$7.589 per MMBtu as weekend weather forecasts shed cooling degree days and after dry gas production stretched to an all-time high of 98 Bcf per day. The Sept-2022 WTI crude oil contract pushed \$1.75 higher to \$90.76 per barrel after China's oil imports lifted off a four-year low in July to 8.8 million barrels per day. Equity markets were mixed on the day as investors continued to digest corporate earnings for insight into how inflation had impacted profits.

Tuesday 8/9

Natural gas recovered 24.4 cents before closing at \$7.833 as pipeline maintenance and operational complications caused dry gas production to decline on the day. Oil prices slid 26 cents

lower to \$90.50 even as Russia halted some flows through a pipeline to central and eastern Europe. Stocks were shaky during the session as investors looked ahead to the next day's inflation report.

Wednesday 8/10

Natural gas jumped 36.9 cents higher to \$8.202 as traders weighed forecasts for less intense heat in mid-August against an estimated lower-than-normal storage build released the next day that would widen the deficit. Crude rebounded \$1.43 to \$91.93 even after the EIA reported a 5.5-million-barrel increase in crude inventories. Equities bounced higher on easing inflation concerns after the Labor Department reported consumer inflation was flat during July.

Thursday 8/11

Natural gas surged 67.2 cents higher to \$8.874 on further day-over-day declines in production and after the EIA reported a 44 Bcf injection into storage, which widened the deficit to the 5-year average to 338 Bcf. Crude prices jumped \$2.41 to \$94.34 after the International Energy Agency raised its outlook for 2022 demand by 380,000 barrels per day. Equity markets were marginally changed after the Labor Department revealed 262,000 Americans filed for unemployment benefits, a 14,000 uptick from the prior week.

Friday 8/12

Natural gas declined 10.6 cents to \$8.768, an 8.7% increase on week, as traders cashed in profits and shifted their focus back to the moderating temperatures forecast for the second half of August. Equities rallied even after San Francisco Fed President Mary Daly warned markets should not be faked out by a single series of inflation data and that it may not deter the central bank from aggressively raising rates. Crude oil fell \$2.25 to close at \$92.09 after OPEC cut its demand forecast for the remainder of 2022 and 2023.

Looking Ahead

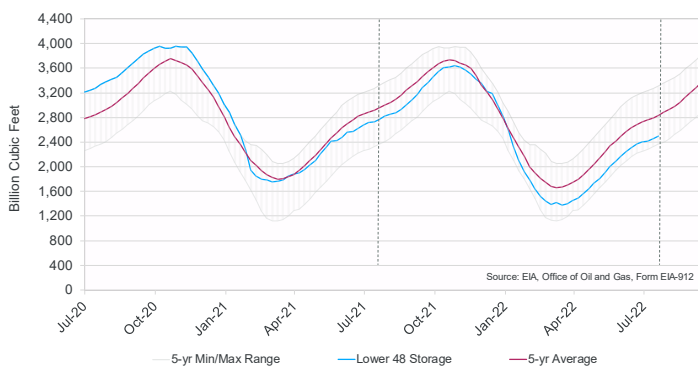
Natural gas traders will continue to closely monitor the weather forecast to gauge power sector demand through the month of August.

Storage and Inventory

	Last Week Comparison				Historical Comparison			
	8/5/2022	7/29/2022	Change (incr/decr)		Same Period Last Year (8/5/2021)	Stocks over/under Last Year	Same Period 5-Year Ave. (2017-2021)	Stocks over/under 5-Yr Avg.
Natural Gas in Storage (Bcf)	2,501	2,457	44.0	▲ 1.8%	2,769	-268.0	2,839	-338.0
Crude Oil Inventories (mbpd)	432.0	426.6	5.5	▲ 1.3%	438.8	-6.8	n/a	n/a

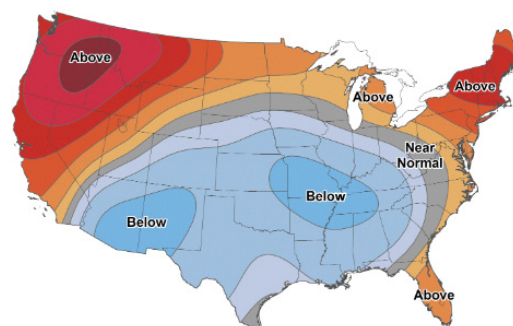
Working Gas in Underground Storage August 5, 2022

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 August 14, 2022

The short-term weather forecast is calling for above-normal temperatures to stretch across the northern tier of the nation and West, with below-normal temperatures in the Ohio Valley, South, Central U.S., and Southwest.



Natural Gas

UNITED STATES	Current	Historical Comparison (US\$/MMBtu)		
		Last Week 8/5/2022	Last Month 7/12/2022	Last Year 8/12/2021
NYMEX Contract:	8/12/2022			
Henry Hub Spot	\$8.730	▲ 5.18%	▲ 28.19%	▲ 112.93%
Prompt Month: Sept 2022	\$8.768	▲ 8.73%	▲ 42.27%	▲ 122.93%
12 Mth Strip (Sept22-Aug23)	\$7.122	▲ 7.49%	▲ 29.23%	▲ 90.48%
Winter Strip (Nov22-Mar23)	\$8.455	▲ 8.20%	▲ 40.70%	▲ 107.52%
Summer Strip (Apr23-Oct23)	\$5.145	▲ 5.55%	▲ 14.11%	▲ 54.58%
Next Winter Strip (Nov23-Mar24)	\$5.462	▲ 4.75%	▲ 10.67%	▲ 56.56%
Cal '24 (Jan24-Dec24)	\$4.834	▲ 3.22%	▲ 7.15%	▲ 67.38%

CANADA *Pricing in Canadian Dollars.	Current	Historical Comparison *(CAD\$/GJ)		
		Last Week 8/5/2022	Last Month 7/12/2022	Last Year 8/12/2021
AECO:	8/12/2022			
Spot Price	\$4.569	▼ -6.42%	▼ -18.29%	▲ 49.46%
Prompt Month: Sept 2022	\$4.609	▲ 13.71%	▲ 61.55%	▲ 70.70%
12 Mth Strip (Sept22-Aug23)	\$4.567	▲ 7.35%	▲ 26.02%	▲ 58.22%

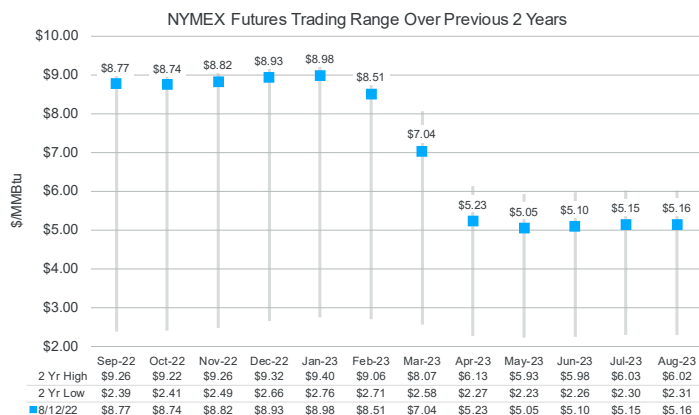
Electricity

UNITED STATES	Current	Historical Comparison (US\$/MWh)			
Wholesale Electricity Prices:	8/12/2022	Last Week 8/5/2022	Last Month 7/12/2022	Last Year 8/12/2021	
ERCOT (Hub Avg.) - ATC					
Monthly Real-Time Avg: August 2022	\$78.41	▲ 5.41%	▼ -6.61%	▲ 143.43%	
Prompt Month: Sept 2022	\$107.52	▼ -6.95%	▼ -27.40%	▲ 128.35%	
12 Mth Strip (Sept22-Aug23)	\$79.70	▲ 5.00%	▲ 13.97%	▲ 86.83%	
NY ISO (Zone J) - ATC					
Monthly Real-Time Avg: August 2022	\$132.49	▲ 25.33%	▲ 80.10%	▲ 231.82%	
Prompt Month: Sept 2022	\$87.19	▼ -0.58%	▼ -1.64%	▲ 116.14%	
12 Mth Strip (Sept22-Aug23)	\$109.91	▲ 7.50%	▲ 16.66%	▲ 113.71%	
PJM (Western Hub) - ATC					
Monthly Real-Time Avg: August 2022	\$118.85	▲ 26.85%	▲ 55.43%	▲ 222.02%	
Prompt Month: Sept 2022	\$97.87	▲ 4.14%	▲ 3.73%	▲ 166.60%	
12 Mth Strip (Sept22-Aug23)	\$88.76	▲ 6.86%	▲ 17.25%	▲ 134.61%	
ISO-NE (SE MASS) - ATC					
Monthly Real-Time Avg: August 2022	\$117.61	▲ 11.65%	▲ 107.29%	▲ 194.65%	
Prompt Month: Sept 2022	\$87.26	▼ -0.51%	▲ 20.78%	▲ 122.55%	
12 Mth Strip (Sept22-Aug23)	\$129.59	▲ 2.23%	▲ 11.50%	▲ 124.14%	
MISO (Indiana Hub) - ATC					
Monthly Real-Time Avg: August 2022	\$105.09	▲ 6.16%	▲ 19.05%	▲ 179.29%	
Prompt Month: Sept 2022	\$100.87	▲ 4.47%	▲ 0.00%	▲ 162.14%	
12 Mth Strip (Sept22-Aug23)	\$86.29	▲ 6.60%	▲ 13.59%	▲ 129.49%	
PG&E (NP15 West) - ATC					
Monthly Real-Time Avg: August 2022	\$79.07	▼ -4.10%	▲ 47.54%	▲ 37.99%	
Prompt Month: Sept 2022	\$107.78	▲ 13.96%	▲ 13.52%	▲ 58.29%	
12 Mth Strip (Sept22-Aug23)	\$85.21	▲ 2.94%	▲ 13.61%	▲ 65.93%	
CANADA *Pricing in Canadian Dollars.					
Wholesale Electricity Prices:	Current	Historical Comparison *(CAD\$/MWh)			
	8/12/2022	Last Week 8/5/2022	Last Month 7/12/2022	Last Year 8/12/2021	
AESO (Ave.) - ATC					
Rolling 30-Day Average	\$166.15	▲ 16.31%	▲ 35.77%	▲ 49.32%	
IESO (Ave.) - ATC					
Rolling 30-Day Average HOEP	\$70.44	▲ 10.36%	▲ 53.83%	▲ 139.16%	

Trend Analysis

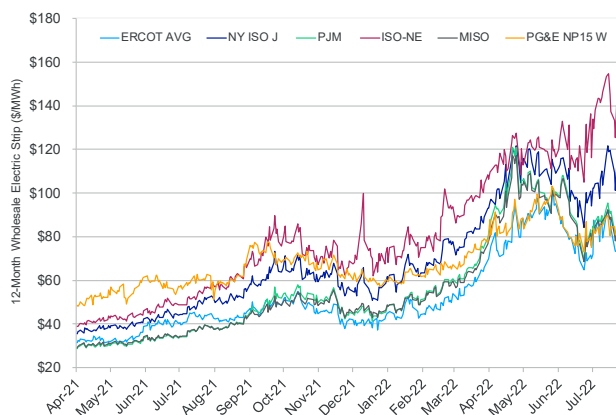
NYMEX Futures Trading Range

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 August 12, 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 August 12, 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	98.1%	98.1%	98.0%	95.5%	97.8%	93.8%

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