

JULY 17 - 21, 2023 MARKET SUMMARY



SPOTLIGHT | U.S. Drillers Continue Rig Cuts

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This past week drillers continued to cut down on the number of natural gas and oil rigs in operation. This pullback is the latest in a series of rig cuts during the past 12 weeks in the wake of dropping commodity prices. U.S. oil futures have fallen about 4% in 2023, while natural gas futures have plummeted about 40% after rising significantly last year following Russia's invasion of Ukraine. The overall U.S. oil and natural gas rig count, an indicator of future production, hit a 15-month low of 669 in the week ending July 21, down from 675 the previous week and 758 during the same week last year. Rig counts have varied among different types of operators, with downstream operators reporting the greatest reduction in onshore rigs, and end-to-end producers reporting a slight increase.

CES SCORE | Is it Time for Action?

The **CES SCORE** shows how current wholesale commodity prices compare to their 52-week range. A score close to 0 indicates that current prices are close to their 52-week **HIGH**; a score close to 100 indicates that current prices are close to their 52-week **LOW**. Many factors influence how wholesale prices are translated into retail prices paid by consumers and when it is time to consider a price lock. Please contact your CES Energy Services Advisor for customized strategic procurement advice.



NATURAL GAS NYMEX TERMS

12 MONTH: 94
18 MONTH: 91
24 MONTH: 92
36 MONTH: 89

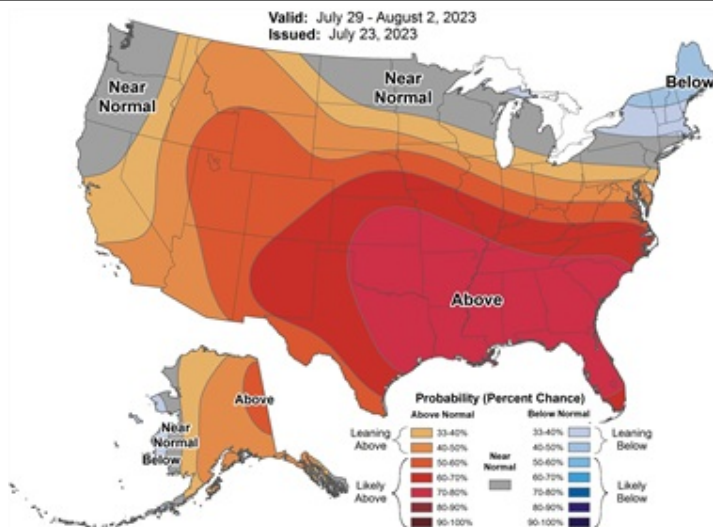
NEW ENGLAND ELECTRICITY TERMS

12 MONTH: 93
18 MONTH: 88
24 MONTH: 87
36 MONTH: 80

CRUDE OIL TERMS

12 MONTH: 75
18 MONTH: 74
24 MONTH: 72
36 MONTH: 70

WEATHER | 6-10 Day Forecast



Warmer-than-average temperatures are projected across much of the country, with cooler-than-average temperatures predicted in the Northeast,

This map depicts forecasted temperatures for next week compared to the long-term average. The **blue/purple** areas are forecast to be colder than normal, gray areas are normal, and **yellow/orange/red** areas are warmer than normal. Abnormally hot weather in the summer and cold weather in the winter can increase the price for natural gas, oil, and electricity.

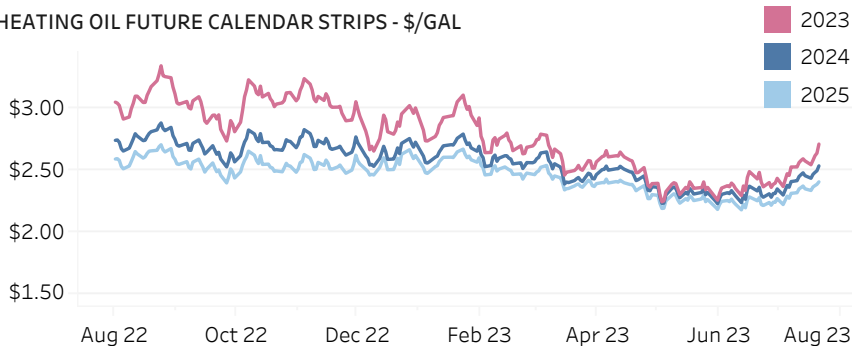
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OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL

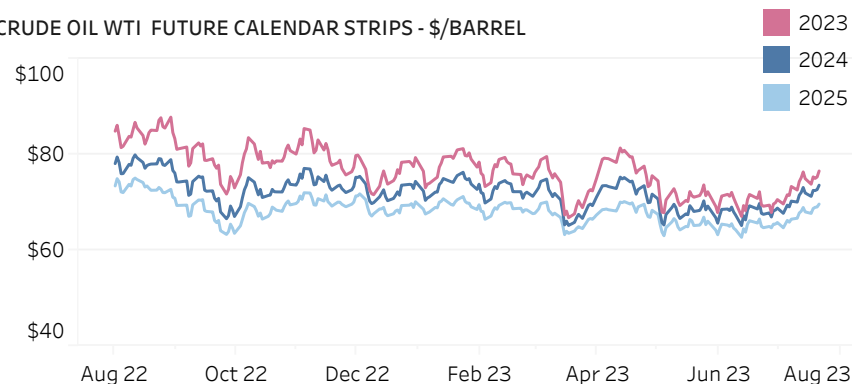


Prompt Month Price For Aug 23 ---

This Week:	\$77.07/Bbl
Prior Week:	\$75.42/Bbl
CHANGE:	\$1.65/Bbl

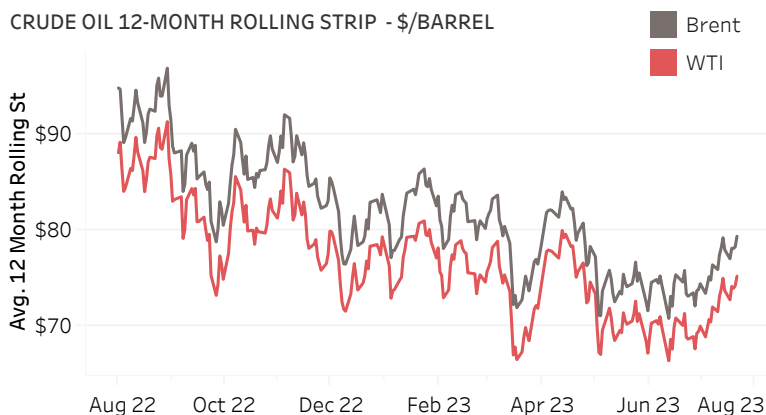
WTI closed at \$74.28/Barrel on Thursday, up 0.6% from Friday last week, and Brent closed at \$78.34/Barrel, up 0.3% week-over-week. With OPEC+ members curtailing a combined 1.66 million barrels of crude oil production per day for the rest of the year, global oil prices are facing upward pressure. Increased domestic production in the U.S. has become a crucial factor in softening the negative impacts of OPEC+ decisions. The 4-week average of U.S. production stood at 12.3 million bpd last week, up 0.2% since the week before. Compared to a year ago, the 4-week average of U.S. crude production is up 2.3%. In international geopolitical news, the U.S. Navy has increased its patrols in the Strait of Hormuz owing to tensions with Iran and subsequent concerns regarding the security of oil tankers in the Persian Gulf region. F-35 fighter jets are the latest addition to the presence of U.S. armed forces in this strategically important and sensitive chokepoint.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

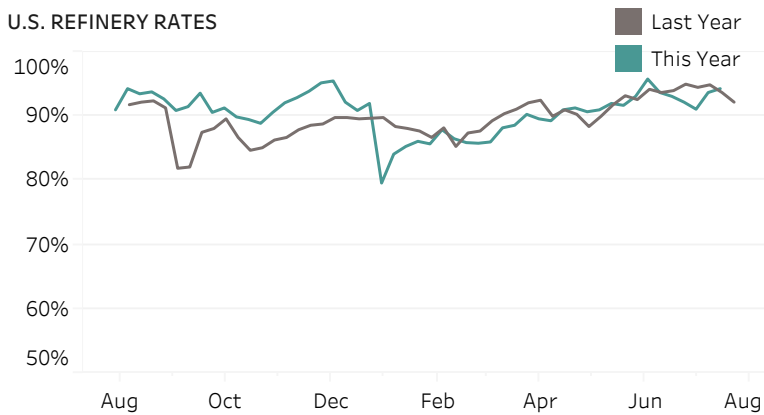


FUNDAMENTALS

CRUDE OIL 12-MONTH ROLLING STRIP - \$/BARREL

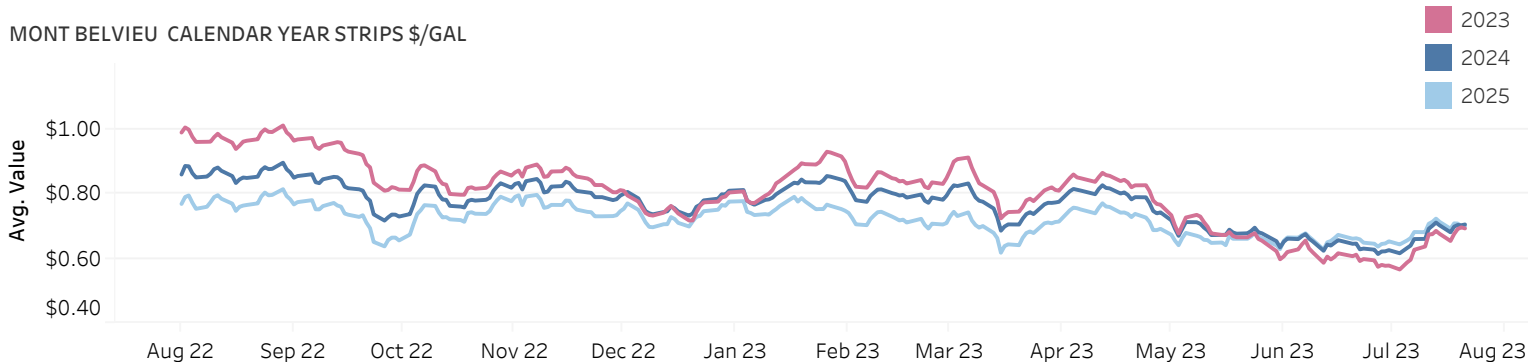


U.S. REFINERY RATES



PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



NATURAL GAS OVERVIEW

NATURAL GAS NYMEX CALENDAR STRIPS - \$/MMBTU



Winter natural gas NYMEX strips are an average of commodity prices for the months of December - March of each winter. Prices are presented in this format to highlight what consumers will pay during the typical heating season in the U.S.

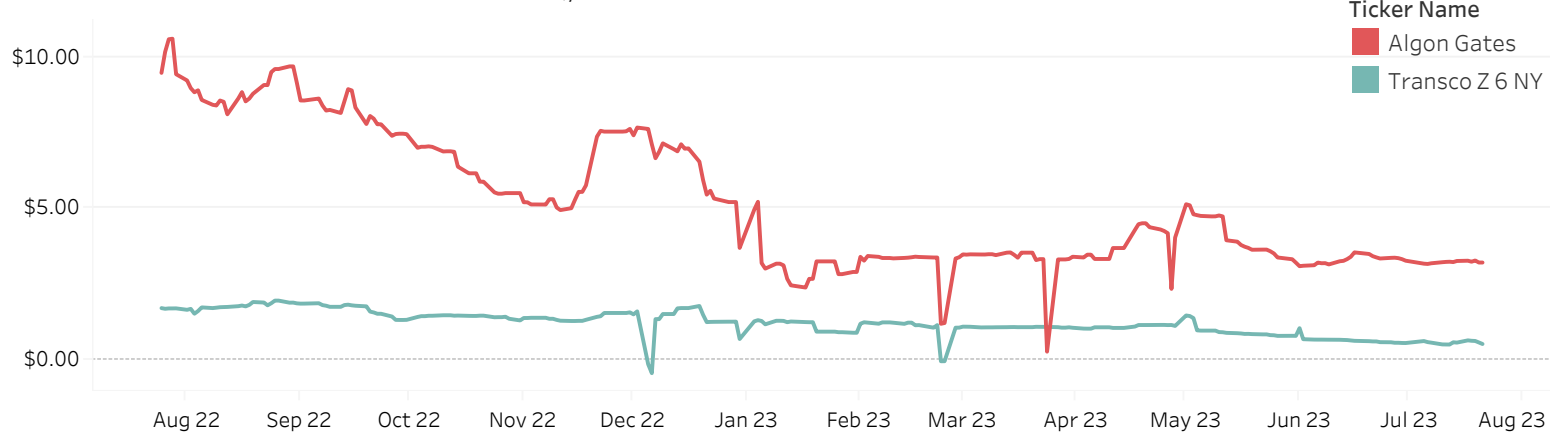
Prompt Month Price For Aug 23 ---

This Week:	\$2.71/MMBTU
Prior Week:	\$2.55/MMBTU
CHANGE:	\$0.17/MMBTU

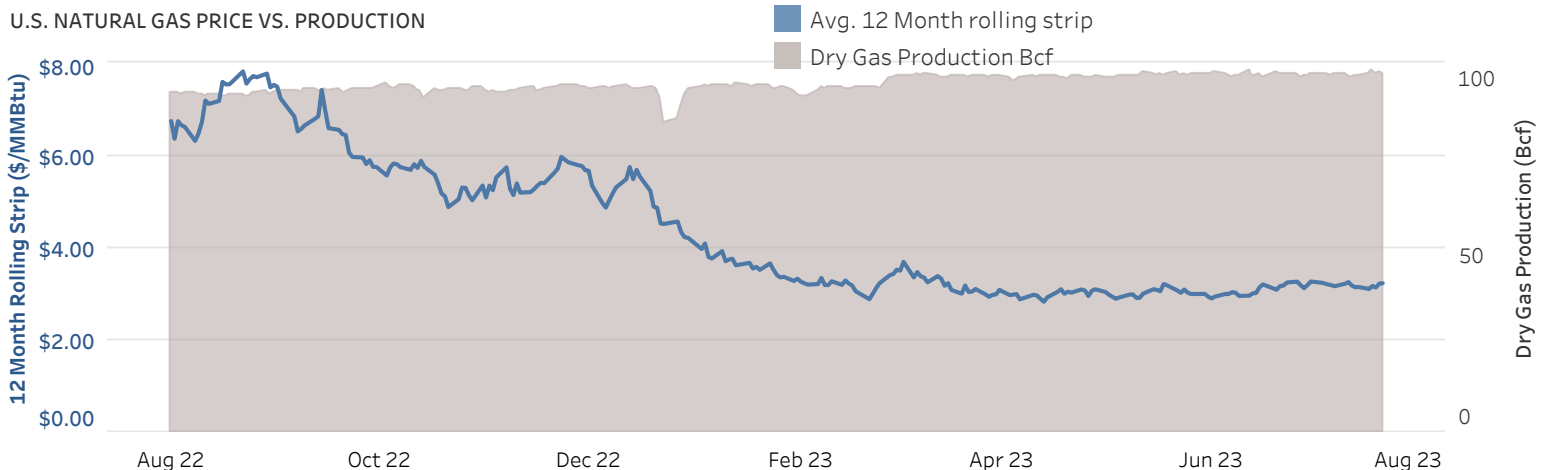
Natural gas prompt month futures saw a slight 6.7% decrease week-over-week to land at \$2.71/MMBTU. This week, we saw natural gas production remain above 100 Bcf/d but drop slightly to 101.0 Bcf/day, down from 101.9 Bcf/day the week prior. The size of natural gas storage injections has been decreasing since their peak in late-May, and this week was no exception with natural gas storage injections totaling just 41 Bcf. The differential over the five-year average, however, increased to 360 Bcf after dropping to 354 Bcf the week before. As the country experiences this hot summer weather, cooling demand remains elevated which will diminish storage injections. In the first half of 2023, 10% more electricity was produced using natural gas than in the first half of 2022.

NATURAL GAS FUNDAMENTALS

NATURAL GAS BASIS - ROLLING 12 MO. FUTURES STRIP - \$/MMBTU



U.S. NATURAL GAS PRICE VS. PRODUCTION



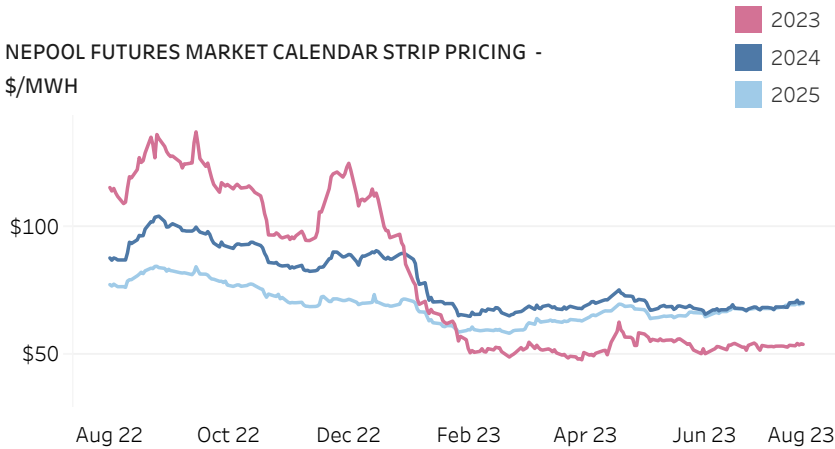
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NEW ENGLAND ELECTRICITY OVERVIEW

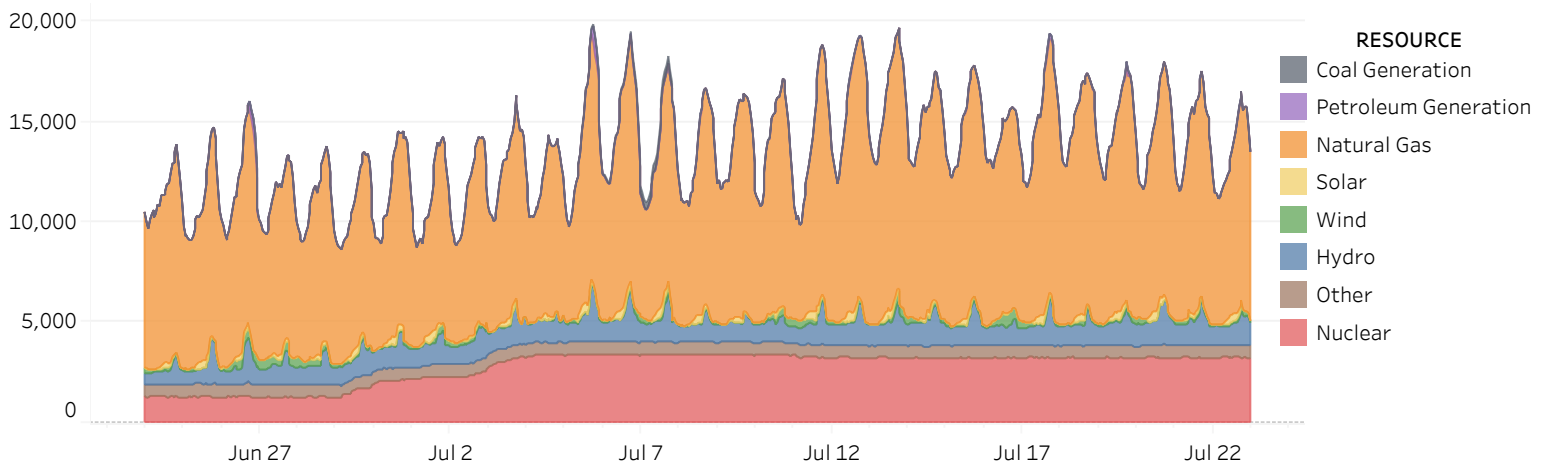
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING - \$/MWH



The NEPOOL 12-month strip increased 1.95% week-over-week, settling at \$66.87/MWh. The calendar year strips saw small changes week-over-week. The 2024 strip settled at \$68.70/MWh, a 2.2% increase week-over-week. The 2025 strip saw an increase of 0.36%, landing at \$69.71/MWh. The 2026 strip saw a smaller increase of 0.05% to \$61.78/MWh. Natural gas storage continues to sit 360 bcf above the 5-year average, although storage injections are likely to decrease as electricity demand increases in New England due to summer temperatures. The NYMEX 12-month rolling strip and Basis 12-month rolling strip saw small changes week-over-week, both factors putting upward pressure on electricity prices. Intense summer temperatures across the country continue to increase cooling demand, adding pressure to electricity prices.

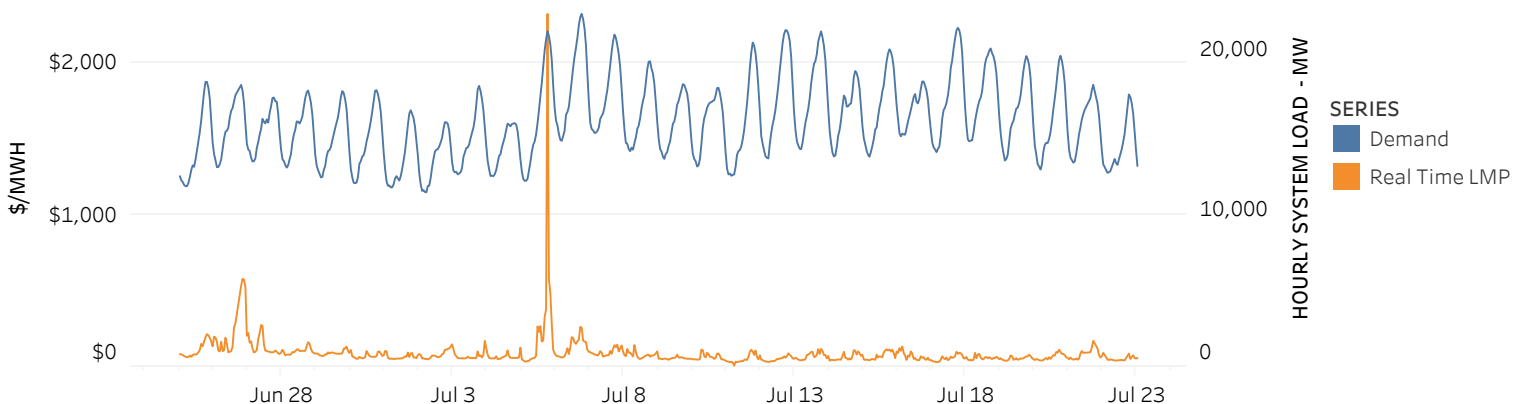
NEW ENGLAND REGIONAL ELECTRICITY GRID GENERATION MIX

ISO-NE GRID ELECTRICITY GENERATION MIX - EXCLUDES IMPORTS - MW



NEW ENGLAND GRID FUNDAMENTALS

ISO NE HOURLY GRID DEMAND & REAL TIME LMP RATE



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