

May 16 - 20, 2022 MARKET SUMMARY



SPOTLIGHT | European Union Gas Storage Targets Will Support U.S. LNG Exports

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On May 19, the European Union passed legislation introducing gas storage obligations targets. The ruling will require the EU to fill at least 80% of its gas storage capacity in November in advance of winter 2022-23 and 90% of its gas storage capacity in advance of future winters. EU storage stocks reached just 77% of full capacity in advance of winter 2021-22 and fell to just 25% of full capacity at the end of the winter. This shortage has contributed to record-high prices across Europe. Proponents of the legislation praised it as an essential tool to ensure the security of winter heating fuel supply. However, critics claim that the ruling places a higher burden on member states with higher storage capacities, as just five countries account for 75% of the EU total storage capacity. To make these targets easier to achieve, the EU announced that member states can count stocks of LNG or alternative fuels stored at the facilities. As a result, this ruling should help sustain the current high demand for U.S. LNG exports through the summer month and could help keep U.S. NYMEX gas prices elevated.

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: 1
18 MONTH: 1
24 MONTH: 2
36 MONTH: 2

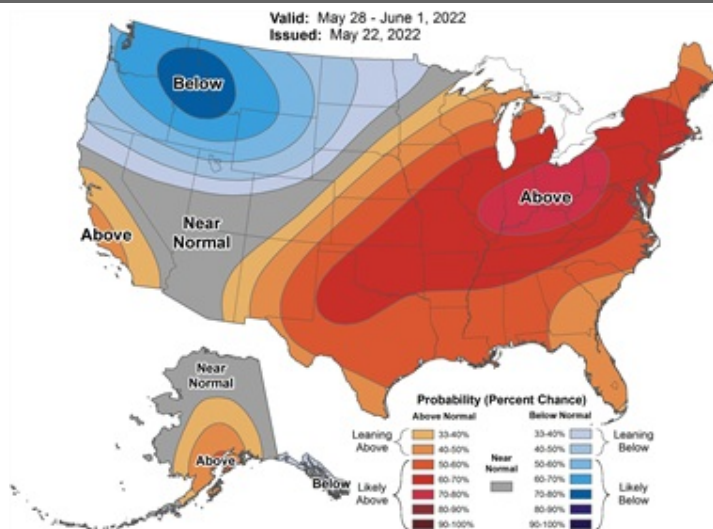
NEW ENGLAND ELECTRICITY TERMS

12 MONTH: 3
18 MONTH: 2
24 MONTH: 4
36 MONTH: 5

CRUDE OIL TERMS

12 MONTH: 13
18 MONTH: 11
24 MONTH: 9
36 MONTH: 9

WEATHER | 6-10 Day Forecast



Above average temperatures expected for the East, with below average temperatures expected for the Northwest.

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.

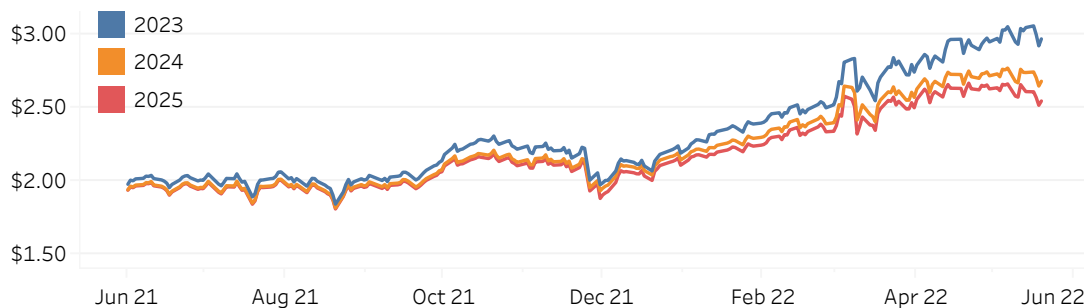
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OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL



Prompt Month Price For Jun 22

This Week:	\$113.23/Bbl
Prior Week:	\$106.13/Bbl
CHANGE:	\$7.1/Bbl

WTI closed at \$113.23 on Friday, up 2.48% from the week prior. Trading remained volatile and reflective of the securities market as concerns of a potential recession persist, despite elevated demand and low domestic stocks. As the conflict in Ukraine nears three months in duration since the initial Russian invasion, with much of the West turning away from Russian energy commodities during that time, China this week was in talks to purchase more Russian oil at a significant discount to the global benchmark price to increase its own domestic stocks.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

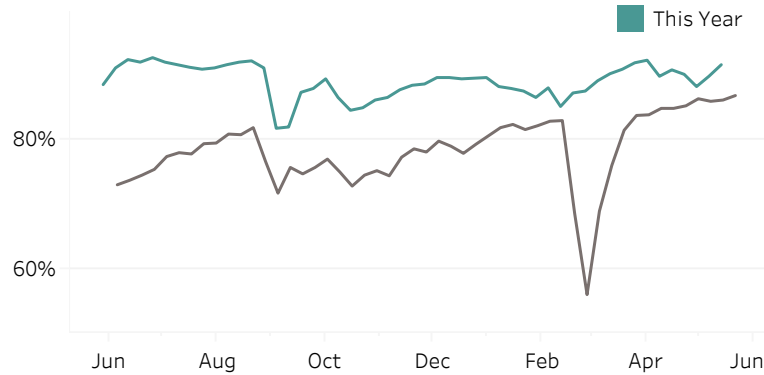


FUNDAMENTALS

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

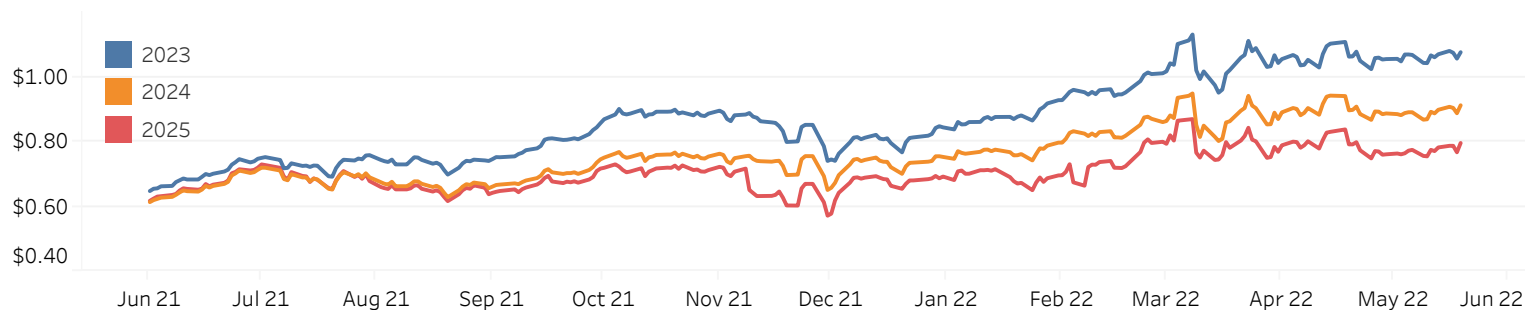


U.S. REFINERY RATES



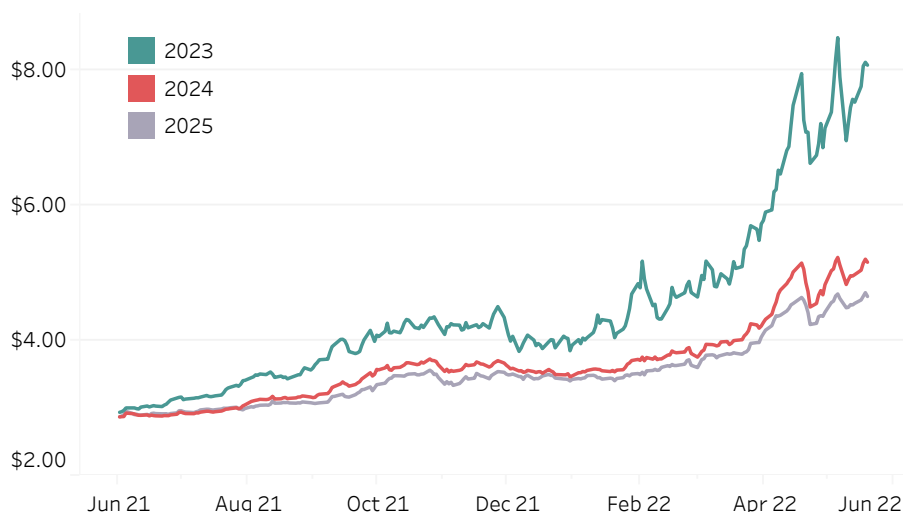
PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



NATURAL GAS OVERVIEW

WINTER NATURAL GAS NYMEX 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.

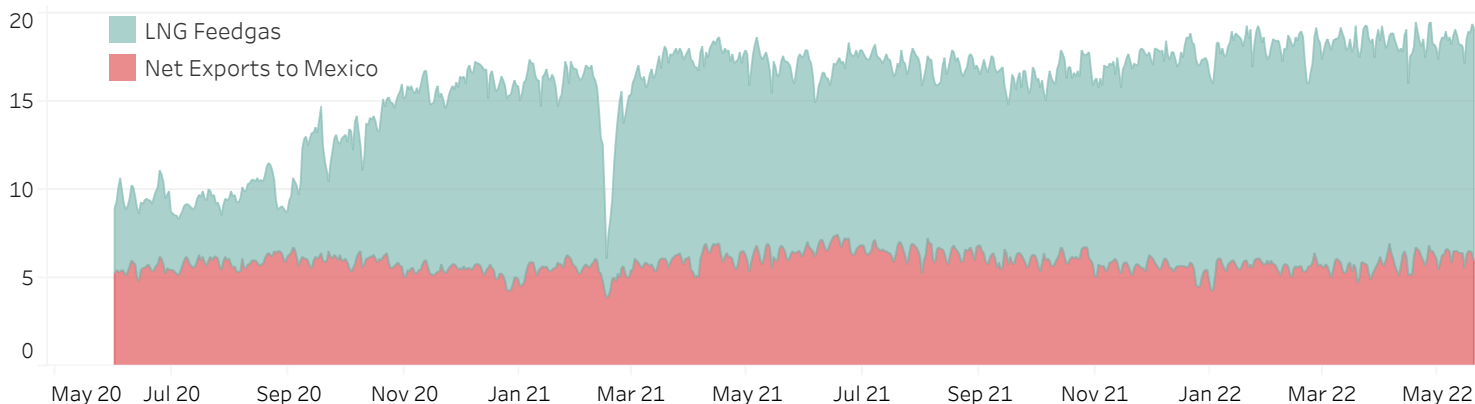
Prompt Month Price For Jun 22

This Week:	\$8.08/MMBTU
Prior Week:	\$7.74/MMBTU
CHANGE:	\$0.34/MMBTU

Front-month natural gas futures increased 5.5% from the previous week, settling at \$8.08/MMBTU on Friday. Cooling demand was high throughout much of the country, with the eastern seaboard experiencing a sudden hot start to the summer. Cooling demand may further increase through the end of May and into early June, with many of the Southern and Eastern states experiencing highs of over 100 degrees. Dry gas exports to Mexico also remained elevated at around 6 Bcf/d due to increased cooling demand, and LNG exports increased towards the end of the week, peaking at 12.8 Bcf/d on Thursday. Dry gas production remained steady at around 94.0 Bcf/d, improving the overall supply and demand outlook relative to the previous week.

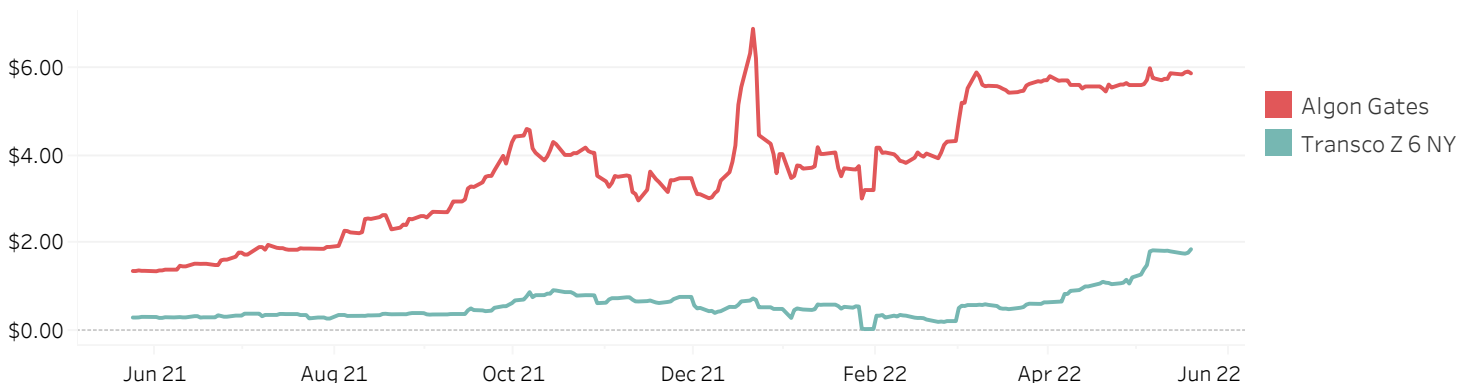
NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL EXPORTS - BCF



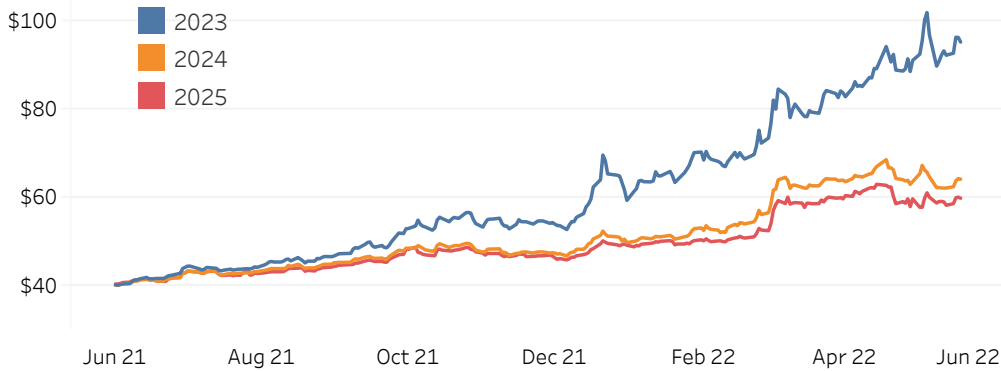
NATURAL GAS BASIS

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



NEW ENGLAND ELECTRICITY OVERVIEW

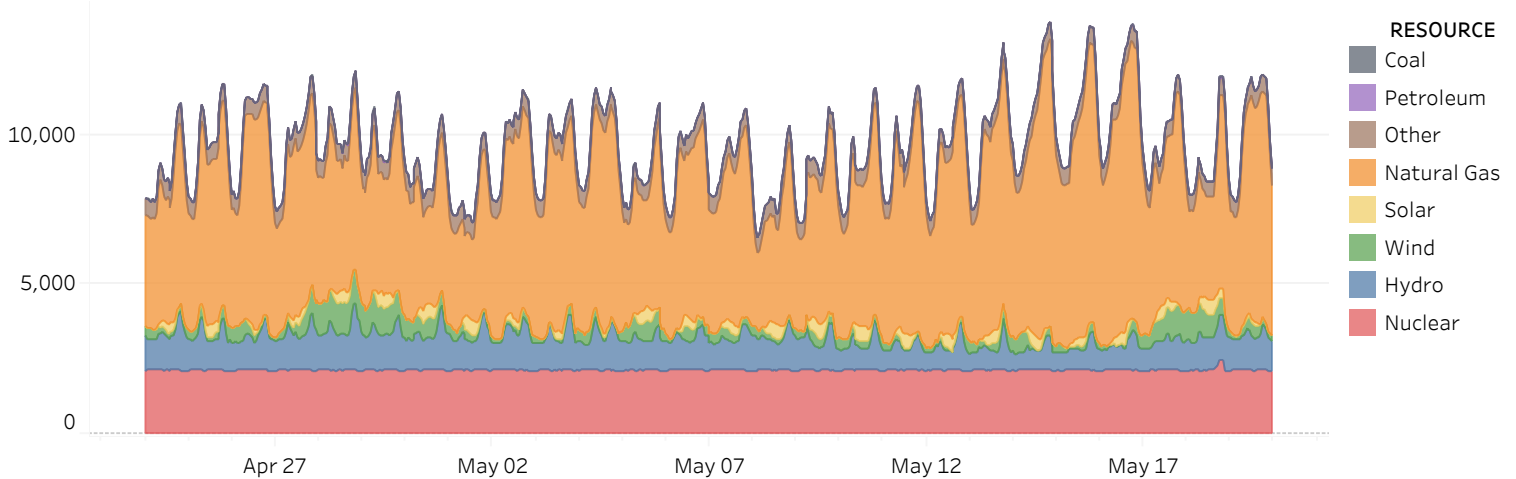
NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



The NEPOOL 12-mo. strip rose 5.6% week-over-week to end at \$122.72/MWh. This is down slightly from a mid-week peak of \$124.24/MWh on Wednesday. Calendar strips trended similarly, each increasing from the previous week's prices. The 2023 strip rose 2.14%, the 2024 strip rose 3.253%, and the 2025 strip rose 1.394%. Considering high domestic LNG exports and ongoing concerns over natural gas storage inventories, along with increased cooling demand across the country heading into summer, electricity prices are unlikely to see a significant dip in the near term.

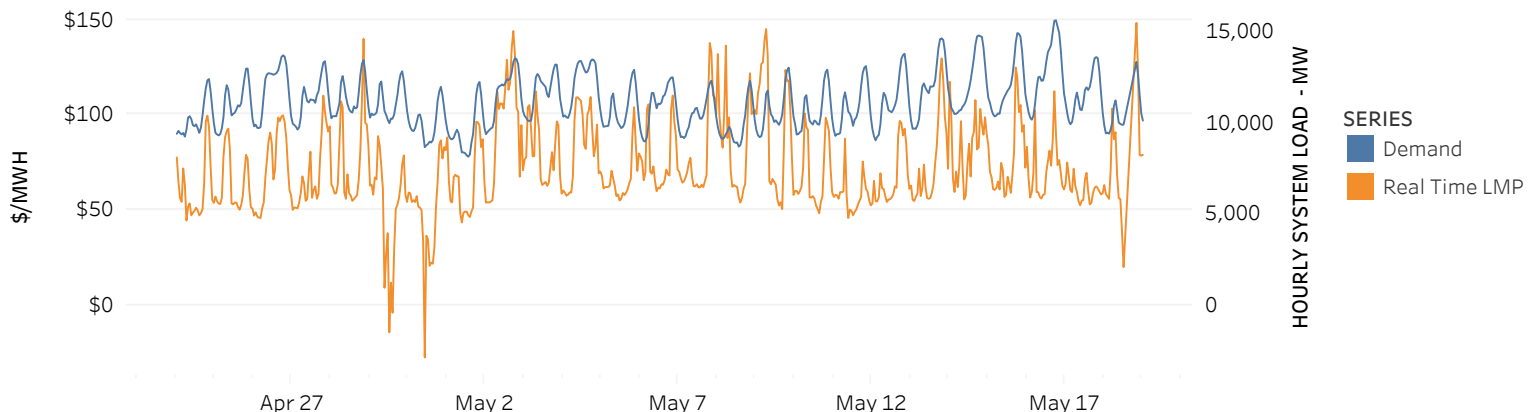
NEW ENGLAND ELECTRICITY SUPPLY

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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