

# August 1 - 5, 2022 MARKET SUMMARY



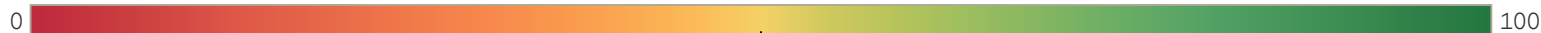
## SPOTLIGHT | Freeport LNG Facility to Resume Partial Operations this October

**The Freeport liquefied natural gas (LNG) terminal reached an agreement last week with U.S. regulators enabling the plant to resume partial operations in October. The Texas LNG facility has remained offline since early June following an explosion and fire that occurred onsite....**

The Freeport liquefied natural gas (LNG) terminal reached an agreement last week with U.S. regulators enabling the plant to resume partial operations in October. The Texas LNG facility has remained offline since early June following an explosion and fire that occurred onsite. At full capacity, the facility accounts for around 15% of the total U.S. LNG supply. As such, the announced resumption of the plant's activities will help provide critical additional fuel supply to Europe, where reductions in pipeline natural gas from Russia and a continent-wide heating fuel storage deficit have caused prices to elevate. The projected increased export demand for U.S. natural gas pushed NYMEX 12-month strip pricing up \$0.38/MMBtu while also causing the New England winter 2022-23 basis strip price to fall from a high of \$25.55/MMBtu at the end of July down to \$21.02/MMBtu last week. This decline in basis is due to market sentiments that added U.S. natural gas supply to Europe this fall and will help to reduce the expected price premium of global LNG this winter that New England must import on cold days.

## 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: 33
18 MONTH: 33
24 MONTH: 35
36 MONTH: 33

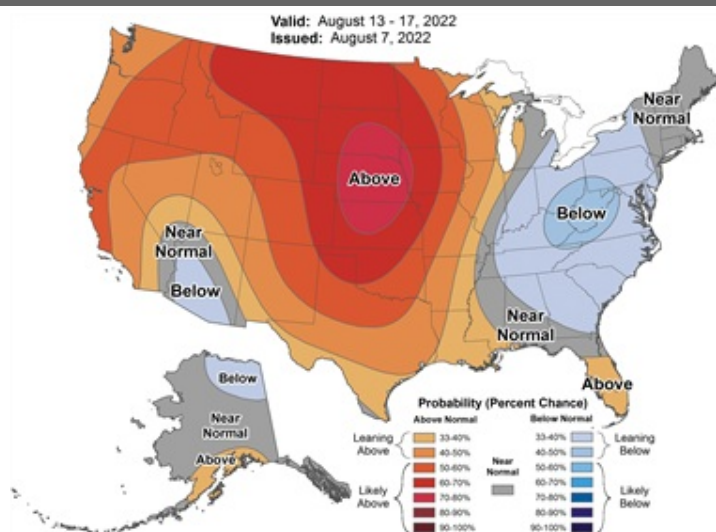
### NEW ENGLAND ELECTRICITY TERMS

12 MONTH: 5
18 MONTH: 0
24 MONTH: 0
36 MONTH: 0

### CRUDE OIL TERMS

12 MONTH: 42
18 MONTH: 40
24 MONTH: 38
36 MONTH: 35

## WEATHER | 6-10 Day Forecast



**Above average temperatures are expected for most of the U.S., with the highest temperatures in the great plains region. Near normal and below average temperatures for New England and the Mid-Atlantic.**

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.

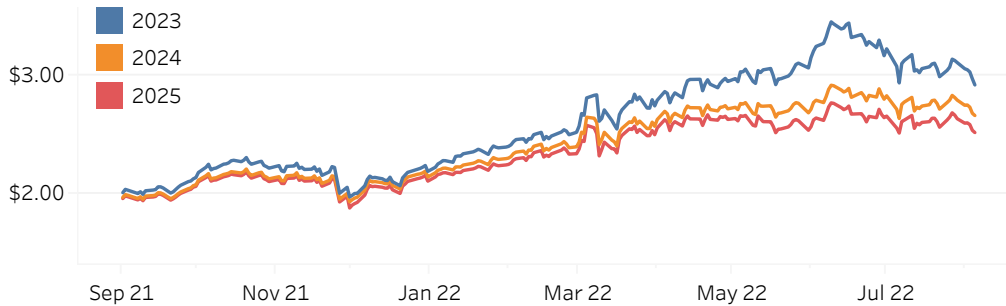
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## OIL & DISTILLATES OVERVIEW

HEATING OIL FUTURE CALENDAR STRIPS - \$/GAL

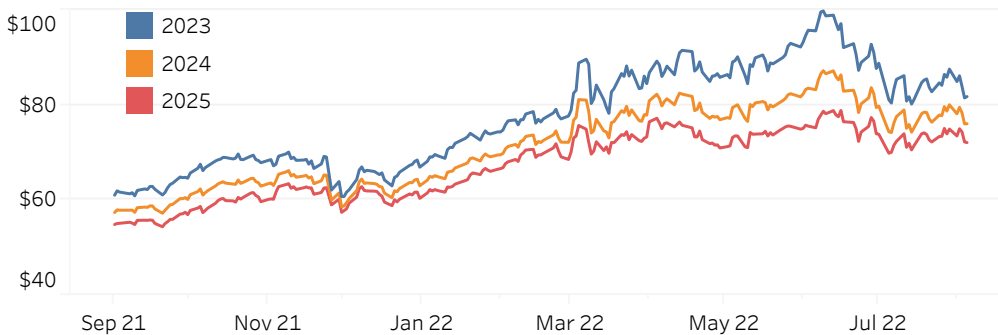


Prompt Month Price For Sep 22

This Week:	\$89.01/Bbl
Prior Week:	\$96.42/Bbl
CHANGE:	(\$7.41)/Bbl

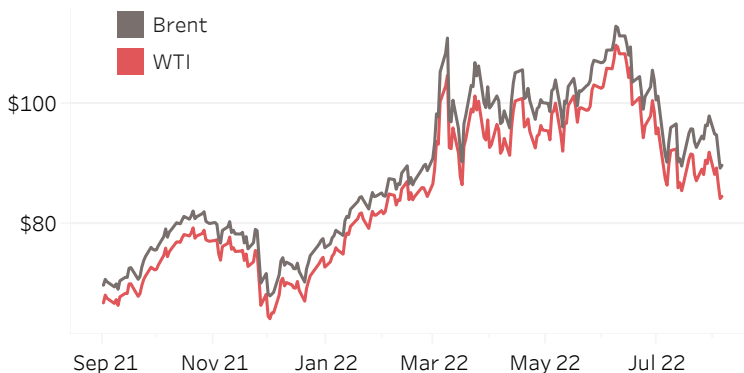
WTI closed at \$89.01 on Friday, down 9.7% from the week prior. The crude oil market remains beset by a tight supply alongside expectations of higher interest rates and a slowing economy, the latter of which points toward a decline in demand. Oil prices have now fallen to their lowest levels since the Russia first invaded Ukraine in February. For the first time in 10 weeks, the number of active oil rigs in the U.S. fell by seven, down to 598. On Wednesday, OPEC+ agreed to a minor increase in its output goal for the month of September and raised supply by an additional 100,000 barrels per day, representing just 0.1% of global demand.

CRUDE OIL WTI FUTURE CALENDAR STRIPS - \$/BARREL

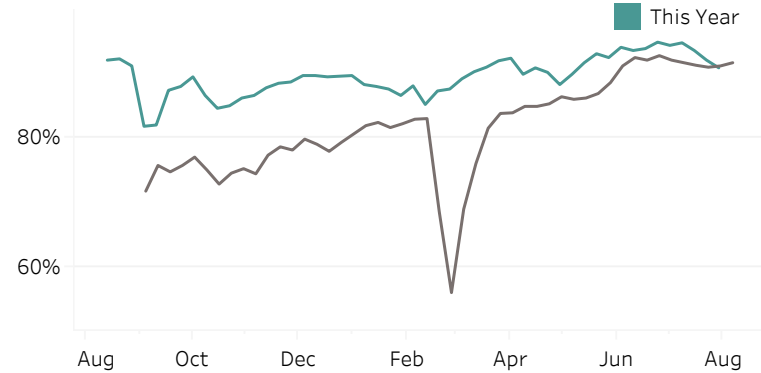


## FUNDAMENTALS

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

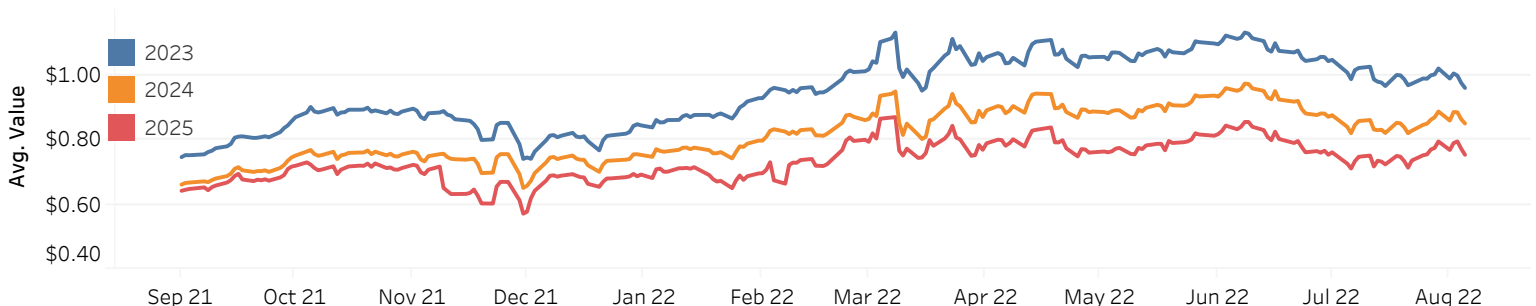


U.S. REFINERY RATES



## PROPANE

MONT BELVIEU CALENDAR YEAR STRIPS \$/GAL



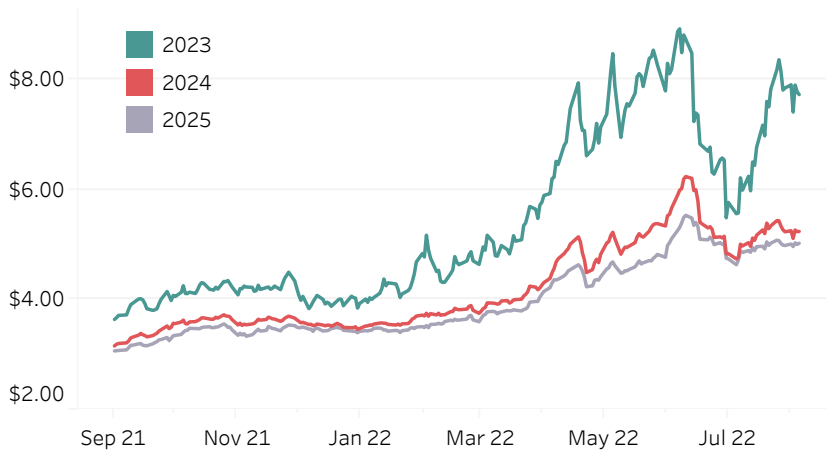
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## NATURAL GAS OVERVIEW

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.

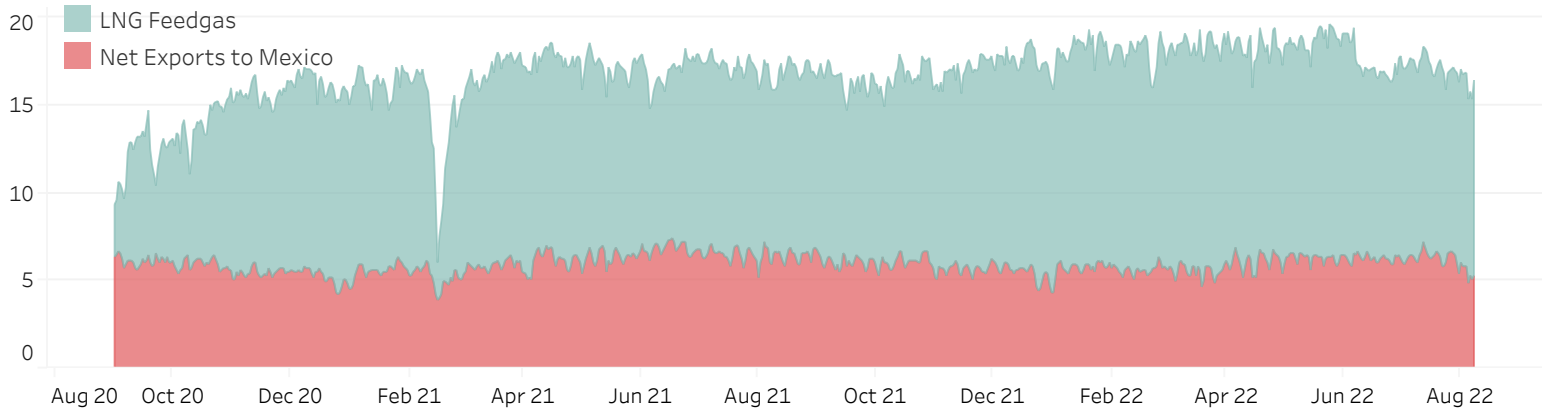
Prompt Month Price For Sep 22

This Week:	\$8.06/MMBTU
Prior Week:	\$8.13/MMBTU
CHANGE:	(\$0.07)/MMBTU

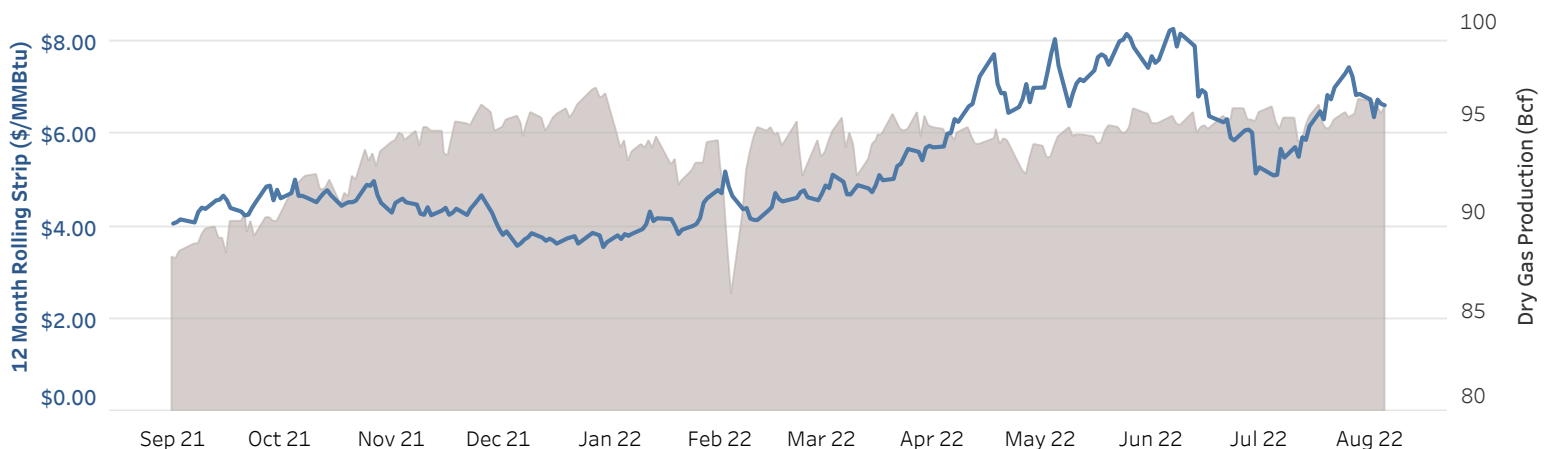
Front-month natural gas futures fell 1.9% from the previous week, settling at \$8.06/MMBTU on Friday. Freeport LNG's announcement that all three liquefaction trains would return to near total capacity in October contributed to the decrease in price. While high cooling demand this summer may reduce storage heading into this winter, the EIA's latest report provides some optimism by signaling stocks for the last week of July rose by 41 Bcf, higher than seasonal averages. Meanwhile, the Russian-Germany Nord Stream 1 pipeline reduction grew on Monday as Russia announced that they were stopping all gas flows to Latvia. In comparison, the U.S. is currently sending more gas by boat to Europe than Russia is sending by pipeline. Europe is on track to reach its 80% winter storage goals, but nations are paying ten times the historical average.

## NATURAL GAS FUNDAMENTALS

U.S. NATURAL GAS TOTAL EXPORTS - BCF



U.S. NATURAL GAS PRICE VS. PRODUCTION



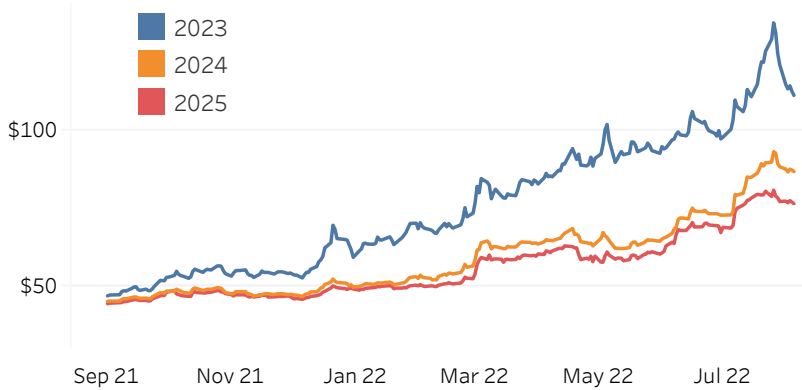
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## NEW ENGLAND ELECTRICITY OVERVIEW

NEPOOL FUTURES MARKET CALENDAR STRIP PRICING -\$/MWH



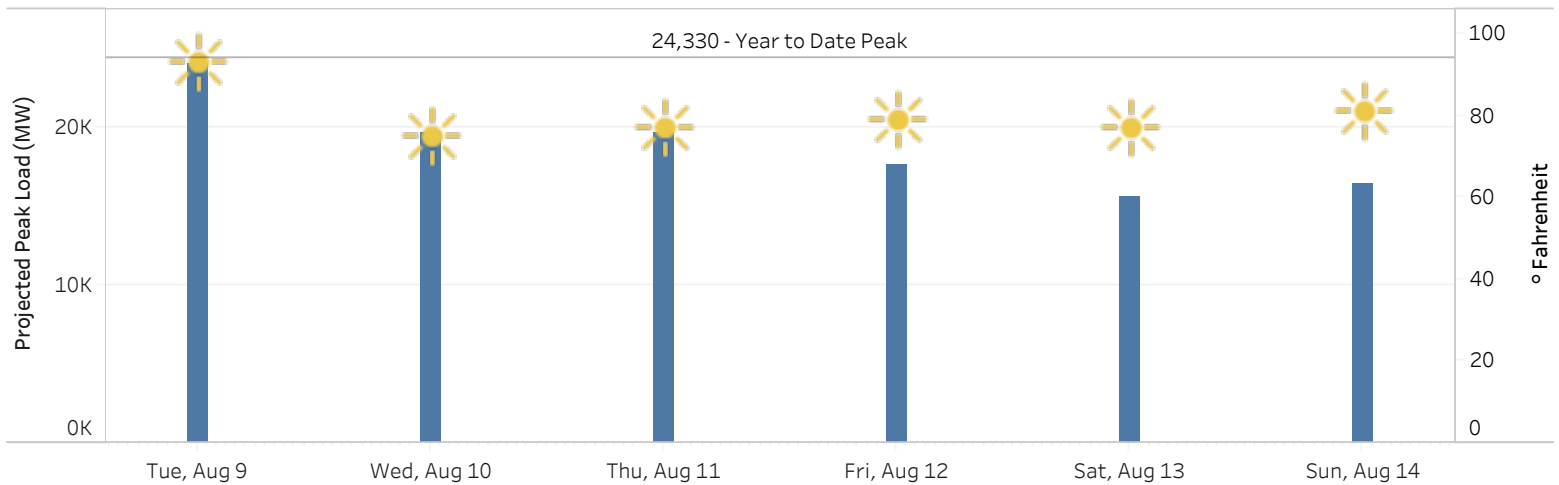
The New England electricity futures markets dropped 13% last week to \$126.22/MWh, despite heatwave conditions driving high regional electrical demand. Since July 26, when the 12-month strip price hit \$160/MWh, markets have declined consistently on the back of a declining natural gas market. This decline provides some relief to New England consumers, but prices remain at a decade high that has persisted all summer. Last Thursday, August 4, ISO-NE reported a peak electrical load of 24,226 MW from 6–7 PM. This is 100 MW below the reported load that occurred on July 20 during the same hour. Today, ISO-NE is projecting regional electricity demand to hit 24,650 MWh at 5:30 PM. If reached, this would be the highest peak YTD. Consumer demand during ISO-NE's annual peak hour is an important factor setting electricity supply costs for the following year.

## NEW ENGLAND 7-DAY DEMAND FORECAST

ISO-NE GRID PROJECTED PEAK DEMAND 7-DAY FORECAST

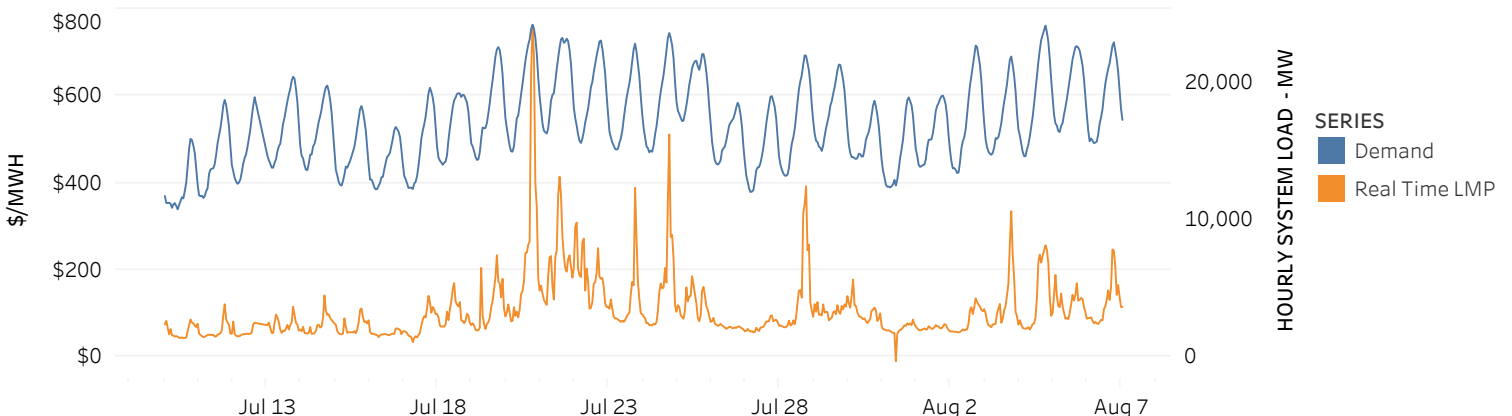
High Temp - Boston

Projected Peak Load



## NEW ENGLAND GRID FUNDAMENTALS

ISO NE HOURLY GRID DEMAND & REAL TIME LMP RATE



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