

MARKET SUMMARY

BIGGEST FACTORS: VARIOUS

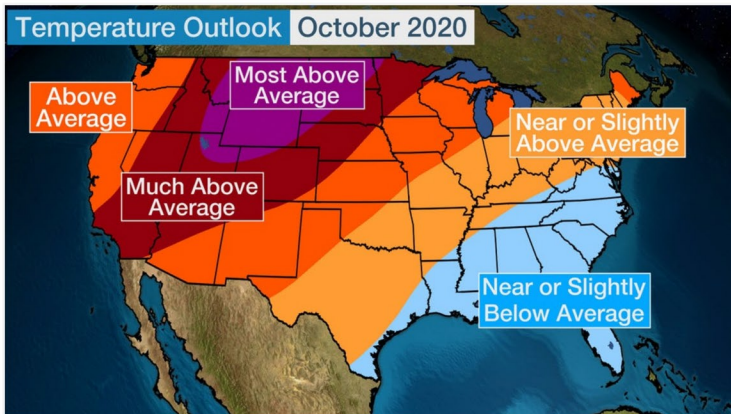
Coming months will be driven by lower domestic production, winter demand, and increasing LNG exports – causing price increases.

PROCUREMENT TAKEAWAY

As natural gas prices increase this winter, ensure your facilities have reassessed their risk tolerance so that you're not overexposed to market upticks.

WEATHER (BULLISH)

TAKEAWAY - A forecast for a cold front to move into the Eastern U.S. in the next 11-15 days is largely cited as the reason for market strength.



Source: The Weather Company

Early September and post Labor Day saw cooler than normal weather but stable and low prices.

While the Gulf of Mexico has been inconsequential in major gas pricing for years, that is changing as increasing LNG exports are now disrupted by Hurricane activity.

Mid- to late-September hurricanes caused more price drops (11.5%) as demand and LNG exports were disrupted.

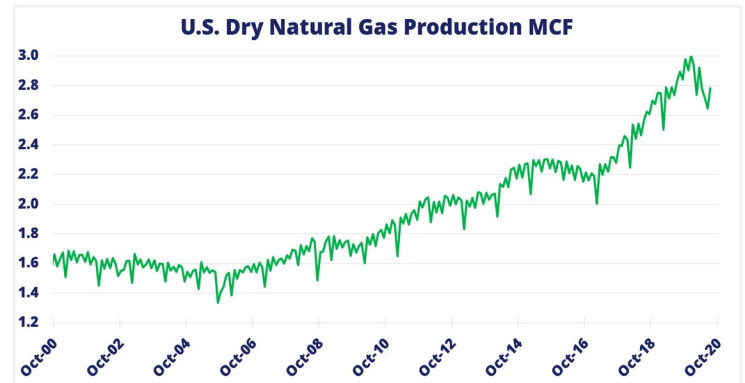
STORAGE (CONTINUED)

Mid September saw modest storage increases but overall storage was up 535 Bcf from a year ago and 421 Bcf above 5 year average – with prompt month (October) prices down 10.2%.

If the rate of injections into storage matched the five-year average of 10.3 Bcf/d for the remainder of the refill season, the total inventory would be 4,128 Bcf on October 31, which is 405 Bcf higher than the five-year average of 3,723 Bcf for that time of year.

PRODUCTION (BULLISH)

TAKEAWAY - EIA forecasts U.S. dry natural gas production will average 90.6 Bcf/d in 2020, down from an average of 93.1 Bcf/d in 2019. EIA expects production to begin rising in the second quarter of 2021 in response to higher natural gas and crude oil prices.



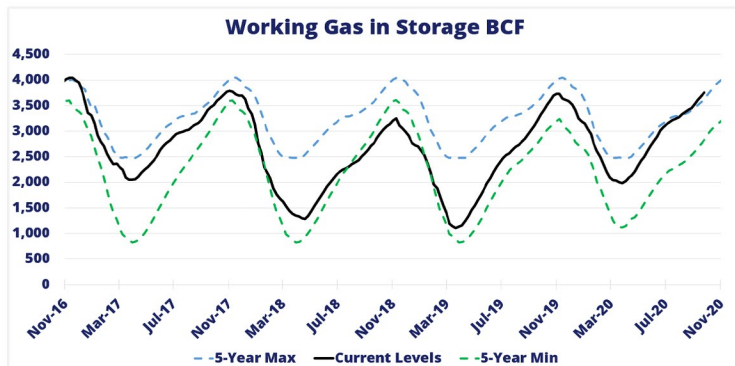
Source: EIA

Gas production in PA in 2019 hit a record - a 10% increase from 2018.

Late September saw a rally of 15% after a seven week low as production fell, demand increased, Hurricanes subsided, and pipeline exports to Mexico increased.

STORAGE (BEARISH)

TAKEAWAY - The average rate of injections into storage is 6% higher than the five-year average so far in the refill season (April through October).



Source: EIA

