

ELECTRICITY BENCHMARK PRICES & TRENDS

Energy Research Council's (ERC) national average benchmark price for electricity declined by a half percent last week, ending 10/19 at \$0.0771 per kilowatt hour. Prices declined most in New Jersey (-4%), New York (-1.2%) and Texas (-0.9%) The national average price for electricity in deregulated states is now just 0.6% higher than this time last month.

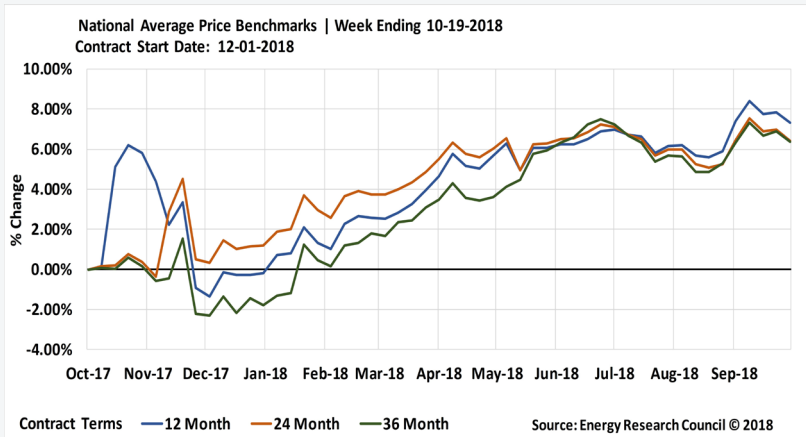
Natural gas prices increased for the fifth week in a row, driven by concern over the large inventory deficit heading into

this winter. Last week the spot November 2018 Nymex contract increased 2.82% or \$0.089/MMBtu, ended 10/19 at \$3.25/MMBtu. The technical trading range for the November contract is now \$3.17 on the support side and \$3.35 on the resistance end.

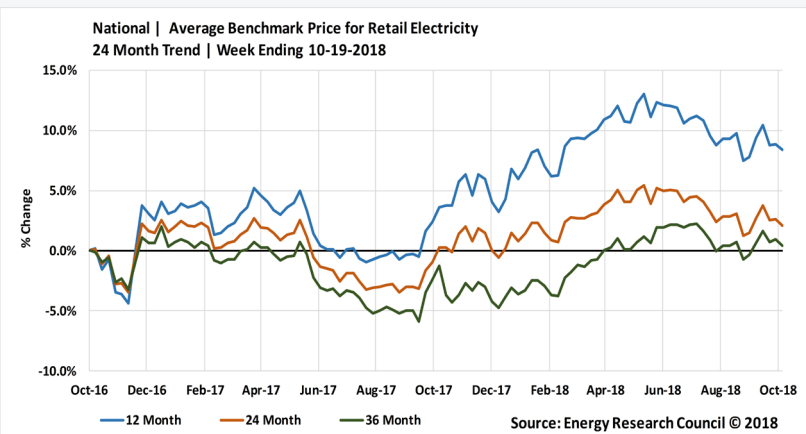
The forecast is projecting below-normal temperatures over the Eastern U.S., generating above-normal heating demand for this time of the year.

Total U.S. consumption of natural gas rose by 6% compared with the previous report week. In the residential and commercial sectors, consumption increased by 73% as temperatures fell to unseasonably cold levels in many parts of the country. At the same time, natural gas consumed for power generation declined by 18% as cooling demand receded. Industrial sector consumption increased by 5% week-over-week. Natural gas exports to Mexico decreased 5% during the report week.

COMPETITIVE ELECTRICITY BENCHMARK TRENDS



Contract Start December 2018	Week Ending			Wk/Wk % Chg.	Mo/Mo % Chg.
	9/21/18	10/12/18	10/19/18		
Connecticut	0.0938	0.0962	0.0960	-0.19%	2.36%
Delaware	0.0719	0.0725	0.0726	0.07%	0.95%
District of Columbia	0.0749	0.0756	0.0754	-0.24%	0.66%
Illinois	0.0536	0.0541	0.0541	0.06%	0.97%
Maine	0.0899	0.0916	0.0911	-0.56%	1.40%
Maryland	0.0700	0.0705	0.0704	-0.23%	0.56%
Massachusetts	0.1114	0.1124	0.1140	1.48%	2.37%
New Jersey	0.1015	0.1020	0.0979	-4.02%	-3.55%
New York	0.0605	0.0591	0.0584	-1.20%	-3.56%
Ohio	0.0558	0.0559	0.0565	1.09%	1.22%
Pennsylvania	0.0655	0.0664	0.0665	0.25%	1.63%
Rhode Island	0.0962	0.0974	0.0966	-0.84%	0.37%
Texas	0.0518	0.0538	0.0534	-0.87%	3.06%
Nat. Average	0.0767	0.0775	0.0771	-0.46%	0.61%



Contact APPI Energy

APPI Energy helps businesses reduce and manage energy supply costs.

Contact us and speak with our team of dedicated consultants, or send an email to info@appienergy.com

[Click here to subscribe to Advisor](#)

MARKET DRIVERS

U.S. dry production has recovered and is back up to the record levels we saw late last month after hovering around 83 Bcf/d, possibly due to pipeline maintenance. Friday production hit a new record at 84.7 Bcf/d. Year-to-date, production is averaging about 7.5 Bcf/d higher than this time last year.

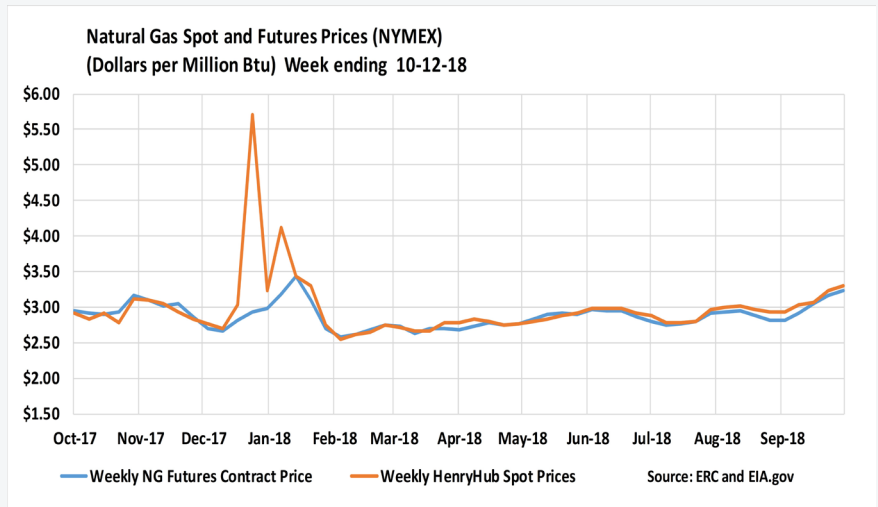
We will continue to see more upside price risk than downside at this advanced stage of the shoulder period. The significant storage deficit continues to pressure prices upward as winter approaches. The degree to which prices increase will likely depend most on heating demand.

HH SPOT PRICE & NG FUTURES CONTRACTS

Week Ending 10-19-18		HH Spot Price		NG Futures Contract	
		\$/MMBUT	% Chg.	\$/MMBUT	%Chg.
6 months	4/20/18	\$2.83	-11.56%	\$2.73	-13.18%
Last Quarter	7/20/18	\$2.78	-13.13%	\$2.75	-12.45%
Last Month	9/14/18	\$2.93	-8.44%	\$2.81	-10.54%
Prev. Week	10/12/18	\$3.30	3.12%	\$3.16	0.64%
Last Week	10/19/18	\$3.20		\$3.14	

NATURAL GAS INJECTION & STORAGE LEVELS

Week Ending 10-19-18	Net Injections		Storage	
	Bcf	% Chg.	Bcf	%Chg.
10/18/2018	81		3,037	
Previous Week	90	-10.0%	2,956	2.74%
Last year	55	47.3%	3,638	-16.5%
5 Yr Avg	79	2.5%	3,642	-16.6%



BULLS & BEARS

BULLS: Moving prices upward

- LNG exports are expected to increase from 3.6 Bcf/d to 9.6 Bcf/d by the end of 2019.
- Pipeline capacity into Mexico is expected to 14.4 Bcf/d by the end of 2018, and with it, exports are expected to rise accordingly.
- Delays in new power generation projects have lead to higher prices in some ISOs, namely ERCOT.

BEARS: Moving prices downward

- New pipelines have helped boost gas production and moderate prices.
- 2018's natural gas production is forecast to be 4.9 Bcf/d higher than 2017's levels.
- Natural gas production remains high, lead by record production levels out of the Marcellus and Utica shale basins, as well as gas produced through oil drilling.
- 20 GW of natural-gas fired electricity generation is scheduled to come online in 2018.