

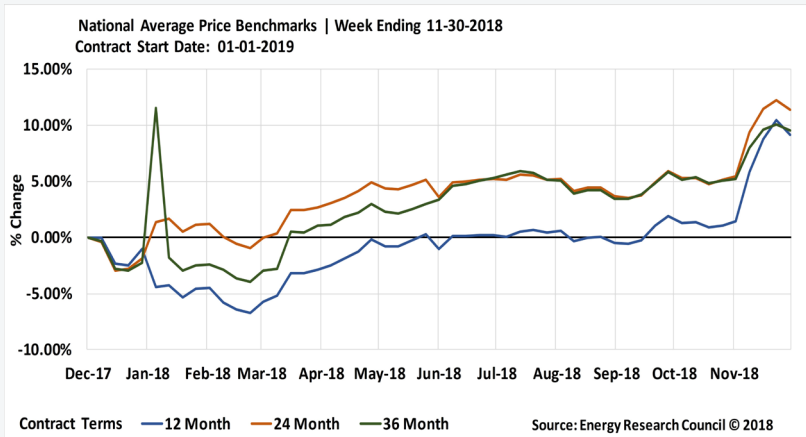
## ELECTRICITY BENCHMARK PRICES & TRENDS

Energy Research Council's (ERC) national average benchmark price for electricity declined slightly week-over-week, ending 11/30 at \$0.0801 per kilowatt hour. On a state-by-state basis, we did see price declines in Maryland (-1.5%), Ohio (-1.3%) and Illinois (-1%). Month-over-month, the national average benchmark price is now up 5.7%. Electricity prices have increased the most month-over-month in New York (9%) and Rhode Island (7.9%).

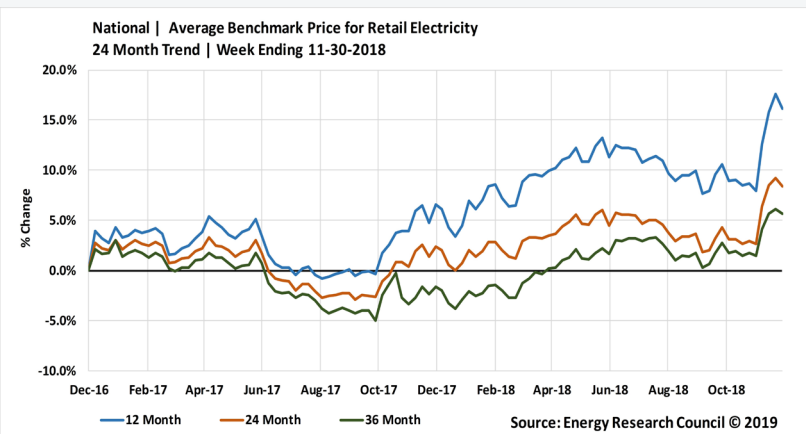
The newly anointed January NYMEX futures contract closed 11/30 at \$4.612/MMBtu, ending the month with the largest monthly increases in almost a decade. Despite steadily rising production levels, the early onset of cold November temperatures and an ongoing storage deficit of 18.7% have created considerable market volatility and price expansion. The month of November came in as the ninth coldest on record nationally since 1950 and was the coldest we have seen since 2014.

The latest short-term temperature forecast calls for an easing of cold temperatures nationwide, extending into the second week of December. This should limit heating demand and keep the cap on natural gas prices during this timeframe. The current technical trading range boundaries for the January contract are now at \$4.17/MMBtu on the support side and \$4.70/MMBtu on the resistance end.

## COMPETITIVE ELECTRICITY BENCHMARK TRENDS



Contract Start January 2019	Week Ending			Wk/Wk % Chg.	Mo/Mo % Chg.
	11/2/18	11/23/18	11/30/18		
Connecticut	0.0920	0.0993	0.0986	-0.66%	7.23%
Delaware	0.0703	0.0735	0.0727	-0.98%	3.53%
District of Columbia	0.0741	0.0790	0.0782	-0.99%	5.51%
Illinois	0.0545	0.0570	0.0564	-1.01%	3.54%
Maine	0.0885	0.0917	0.0911	-0.68%	2.98%
Maryland	0.0694	0.0742	0.0731	-1.45%	5.34%
Massachusetts	0.1104	0.1194	0.1187	-0.61%	7.53%
New Jersey	0.1003	0.1055	0.1050	-0.46%	4.74%
New York	0.0581	0.0635	0.0633	-0.42%	8.98%
Ohio	0.0548	0.0582	0.0574	-1.33%	4.80%
Pennsylvania	0.0643	0.0690	0.0684	-0.87%	6.27%
Rhode Island	0.0936	0.1017	0.1010	-0.72%	7.86%
Texas	0.0547	0.0571	0.0573	0.30%	4.68%
<b>Nat. Average</b>	<b>0.0758</b>	<b>0.0807</b>	<b>0.0801</b>	<b>-0.75%</b>	<b>5.72%</b>



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## MARKET DRIVERS

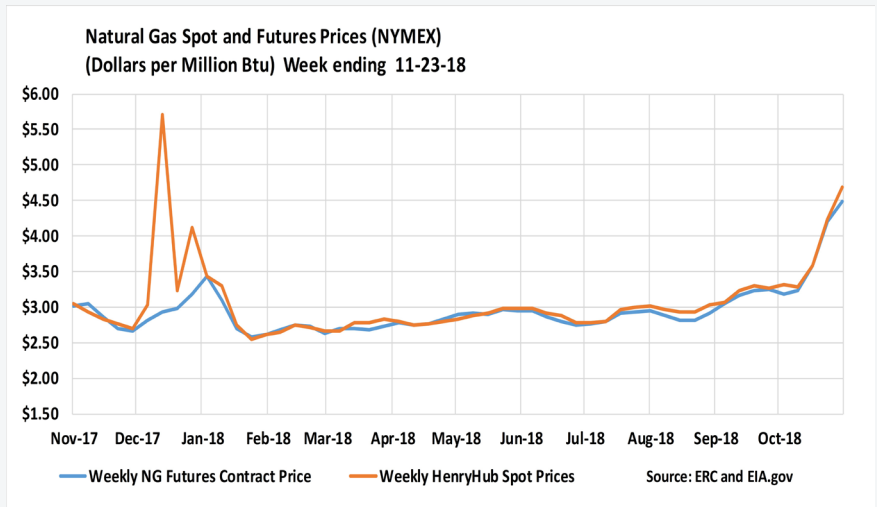
Weather is driving the market and creating considerable volatility as the forecast changes on a weekly basis. With seasonably mild temperatures expected through December and into early January, prices should stay within the \$4-5.00 range, at least through the remainder of this year. If we see a colder-than-normal January and February, however, prices are likely to spike well into the \$5.50 and above range.

Backwardation is a market condition in which the price of a commodity's forward or futures contract is trading below the current spot or prompt month price. Commodities normally trade in contango, with future prices higher than near-term prompt prices. However, backwardation can occur when demand exceeds supply, and that appears to be what is happening with natural gas prices.

Due to predictions of a cold January/February coupled with a significant storage deficit, near-term spot and prompt-month prices have skyrocketed. The longer term 2019-2025 Calendar strips, however, are trading significantly lower, indicating the market expects production will more than meet demand after this winter. As such, prices for contracts starting in the 2020-2025 range, along with longer term contracts (36+ months), are carrying a significantly lower price than the prompt-month contract.

## HH SPOT PRICE & NG FUTURES CONTRACTS

Week Ending 11-30-18		HH Spot Price		NG Futures Contract	
		\$/MMBUT	% Chg.	\$/MMBUT	%Chg.
6 months	6/1/18	\$2.88	-34.55%	\$2.92	-32.65%
Last Quarter	8/31/18	\$2.97	-32.50%	\$2.88	-33.57%
Last Month	10/26/18	\$3.32	-24.55%	\$3.18	-26.71%
Prev. Week	11/23/18	\$3.26	-25.91%	\$3.24	-25.35%
Last Week	11/30/18	\$4.40		\$4.34	



## NATURAL GAS INJECTION & STORAGE LEVELS

Week Ending 11-30-18	Net Injections		Storage	
	Bcf	% Chg.	Bcf	%Chg.
11/29/2018	-59		3,054	
Previous Week	-134	-56.0%	3,113	-1.90%
Last year	-35	68.6%	3,698	-17.4%
5 Yr Avg	-49	20.4%	3,774	-19.1%

## 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 increase 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 led to higher prices in some ISOs, namely ERCOT.
- Historically low storage going into winter has caused massive market volatility and upward pressure on pricing.
- Widespread cold temperatures are putting upward pressures on energy prices.

### BEARS: Moving prices downward

- 2018's natural gas production is forecast to be 4.9 Bcf/d higher than 2017's levels.
- Natural gas production remains high, led 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.