



# Competitive Energy Services Weekly Market Summary

June 18 - 22, 2018

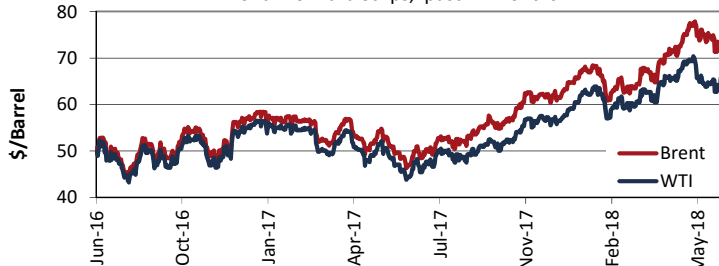
## Synopsis of Last Week's Energy Markets

Crude oil prices climbed last week, with prompt month WTI jumping 4.6% on Friday alone. Although Saudi Arabia and Russia were able to convince the other OPEC members to ease the production limits, markets had already factored in additional production from the cartel. Natural gas prices slipped 2.5% last week as forecasts for demand eased across the country with falling temperatures. Inventories remain at a 20% deficit to the 5-year average despite last week's large storage build.

## Oil Market

### Crude Oil - WTI & Brent

12-Month Forward Strips, past 24 months

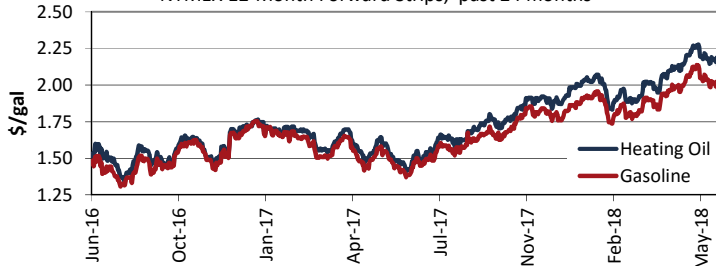


NYMEX WTI	last close	previous week	24-month high	24-month low
12 month strip, \$/bbl	\$65.46	\$63.49	\$70.12	\$43.04
date	6/22/18	1/24/18	5/21/18	8/2/16
change from last close		3.1%	-6.6%	52%

US STORAGE (in million bbls)	crude oil
domestic stocks as of	6/15/18
gain / loss from previous week	427
comparison to historic range	-5.9
	within

### Heating Oil & Gasoline

NYMEX 12-Month Forward Strips, past 24 months

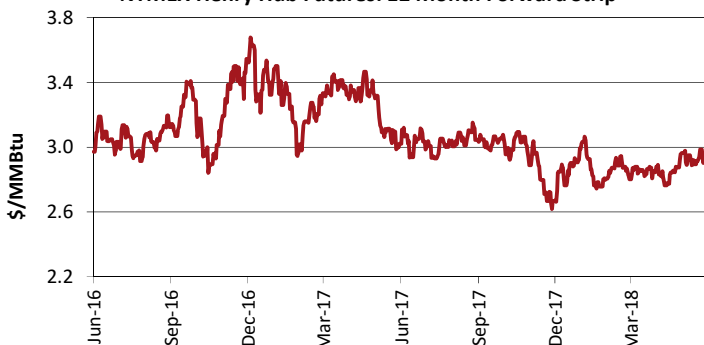


NYMEX Heating Oil	last close	previous week	24-month high	24-month low
12 month strip, \$/gal	\$2.14	\$2.06	\$2.28	\$1.34
date	6/22/18	1/24/18	5/23/18	8/2/16
change from last close		3.9%	-6%	59%

US STORAGE (in million bbls)	distillate	propane	gasoline
domestic stocks as of	6/15/18	117	54
gain / loss from previous week	240	2.7	3.2
comparison to historic range	below	within	within

## Natural Gas Market

### NYMEX Henry Hub Futures: 12 Month Forward Strip

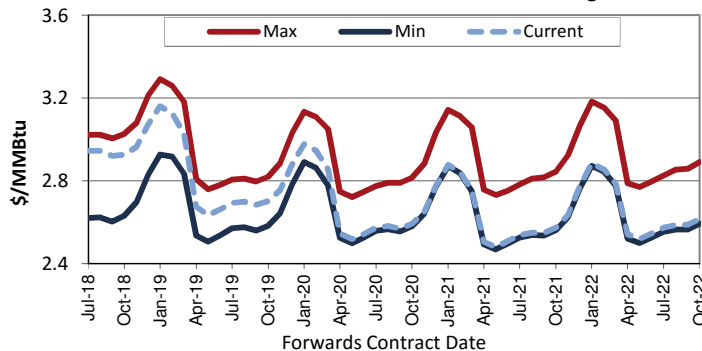


NYMEX PRICING	last close	previous week	24-month high	24-month low
12 mo. strip, \$/MMBtu	\$2.92	\$2.99	\$3.70	\$2.61
date	6/22/18	1/24/18	12/28/16	12/21/17
change from last close		-2.2%	-21%	12%

CES SCORE	
12 month	35
18 month	40
24 month	50
36 month	65

The Score provides a measure of how current prices compare to their 52-week range. A score close to 0 indicates that current prices are close to their 52-week highs; a score close to 100 indicates that current prices are close to their 52-week lows.

### NYMEX Natural Gas Forwards vs. 1 Year Range



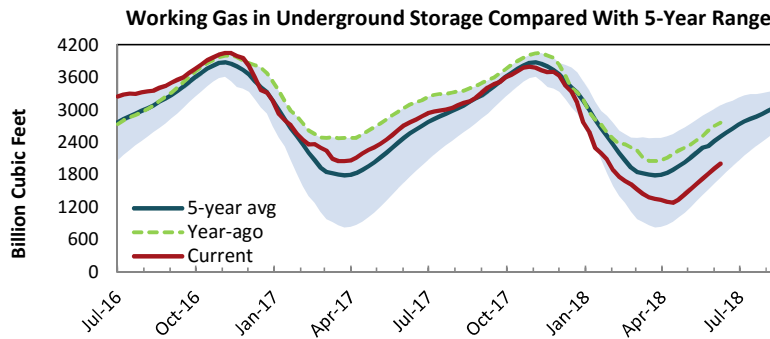
FORWARDS	12 month	18 month	24 month	36 month
strip (\$/MMBtu)	\$2.92	\$2.86	\$2.83	\$2.77

Natural gas futures are useful for both natural gas and electricity consumers because they drive electricity pricing in many U.S. markets. This chart compares the current natural gas price for each forward month on the NYMEX exchange to the highest and lowest prices for the same month over the past 12 months.



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### Natural Gas Storage



This chart shows the amount of natural gas in storage at each point in time (red line) compared to the highest, lowest, and average amounts in the past 5 calendar years.

EIA Storage Data	date	Bcf	+ / -
Previous Stock Level	6/8/18	1,913	
Most Recent Stock Level	6/15/18	2,004	
Year-ago Stock Level		2,761	-27.4%
5-Year Average Stock Level		2,503	-19.9%
Most Recent Net Change	6/15/18	91	
Year-Ago Net Change		63	44%
5-Year Average Net Change		83	10%

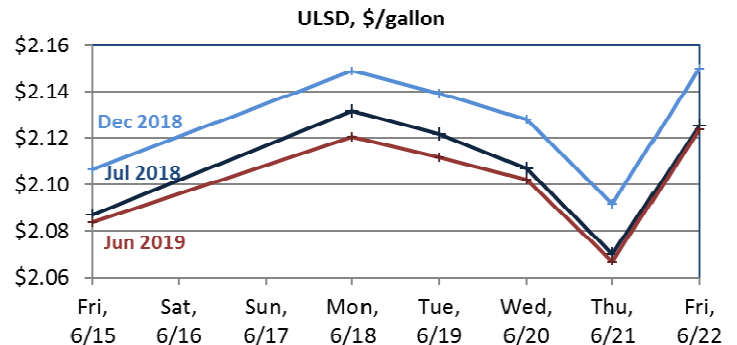
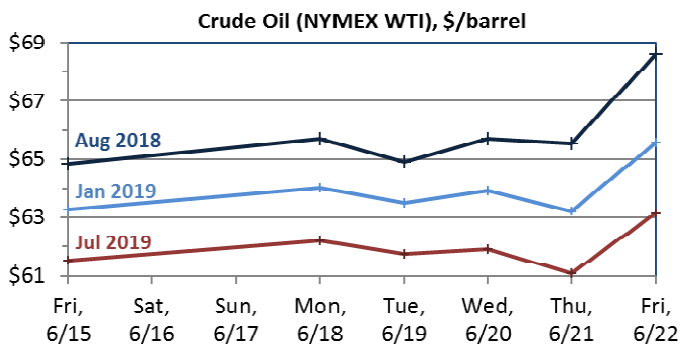
Data Source: EIA <http://tonto.eia.doe.gov/oog/info/ngs/ngs.html>

### Market Assessment

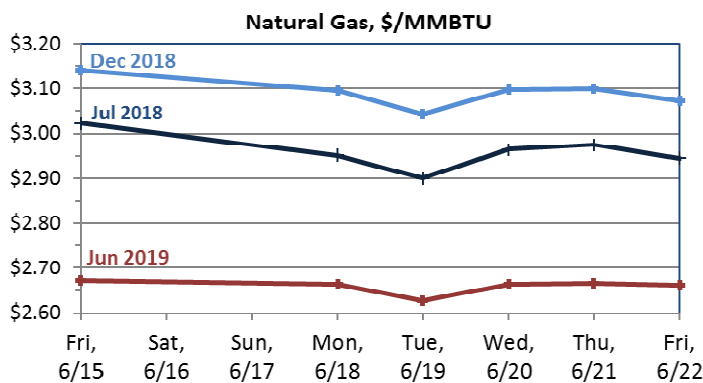
#### NYMEX Futures Summary Statistics

	Last Expired Contract	Exp. Date	Price	Prompt Month	Price	Most Expensive Next 12 Months	Price	Least Expensive Next 12 Months	Price	Next Winter Avg (Nov18-Mar19)
Crude oil	Jun-18	5/22/18	\$72.13	Aug-18	\$68.58	Aug-18	\$68.58	Jun-19	\$63.53	\$65.52
Heating oil	Jun-18	5/31/18	\$2.19	Jul-18	\$2.13	Feb-19	\$2.16	Jun-19	\$2.12	\$2.15
Natural gas	Jun-18	5/29/18	\$2.88	Jul-18	\$2.95	Jan-19	\$3.16	May-19	\$2.64	\$3.07

#### NYMEX End-of-Day Settlements



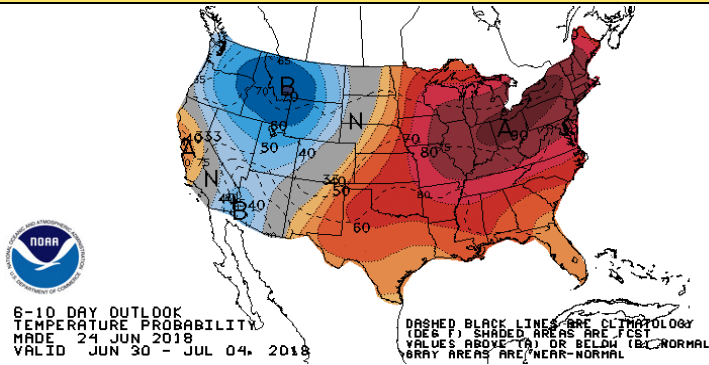
Crude oil prices rose last week, spiking on Friday, the day of the OPEC meeting. Parties to the production cuts agreed to ease the limits by 1 million barrels per day (BPD) from the original 1.8 million BPD reduction (using December 2016 production as a baseline). Crude prices rallied despite the agreement to restore production because prices had already been declining since late May when Russia and Saudi Arabia announced that they would push the cartel to ease the limits. Furthermore, Russia had floated the idea of lifting the cuts entirely, some of OPEC's members are already producing at capacity, and the additional production is unlikely to rebalance global stocks in the near future.



Natural gas prices fell nearly 8 cents last week amid falling temperatures and rising production. This reversed much of the previous week's rally, when prices rose above \$3 as temperatures and power burn demand soared. News of record-high production weighed on markets early in the week, and July futures slipped to \$2.945/MMBtu by Friday afternoon in anticipation of a lull in demand over the weekend. Domestic output has surpassed 90 Bcf/day according to the EIA, and this week's storage gain of 91 Bcf outpaced the average 83-Bcf build. High production has kept prices in check despite growing exports, rising demand, and a persistent storage deficit. Temperatures will continue to be a major factor impacting demand through the summer months.

The National Weather Service near-term forecast calls for above-normal temperatures for most of the US east of the Rockies. The natural gas market scores on page 1 improved from the previous week. Clients with electricity or natural gas contracts expiring in 2018 should consult with a CES representative for customized guidance.

### National Weather Service Forecast



#### 6 - 10 Day Forecast for Jun 30 - Jul 4

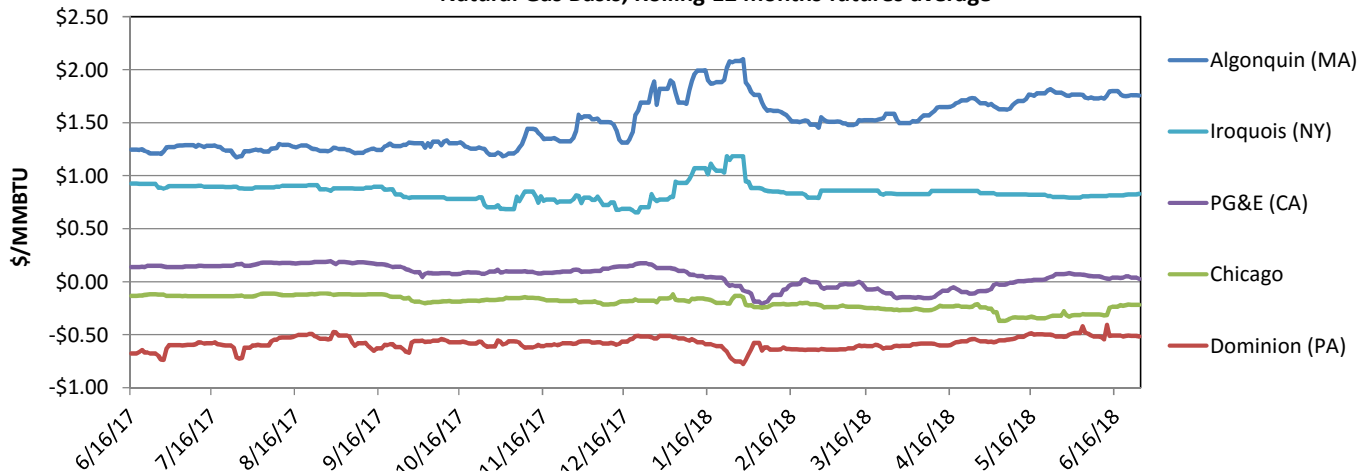
This map depicts forecasted temperatures for next week compared to the long term average. The blue/purple areas are forecast to be colder than normal, white areas are normal, and yellow/orange/red areas are warmer than normal. Abnormally hot weather in the summer and cold weather in the winter can increase the price for natural gas, oil, and electricity.

Source: Chart from the National Weather Service Climate Prediction

### Natural Gas Basis Futures

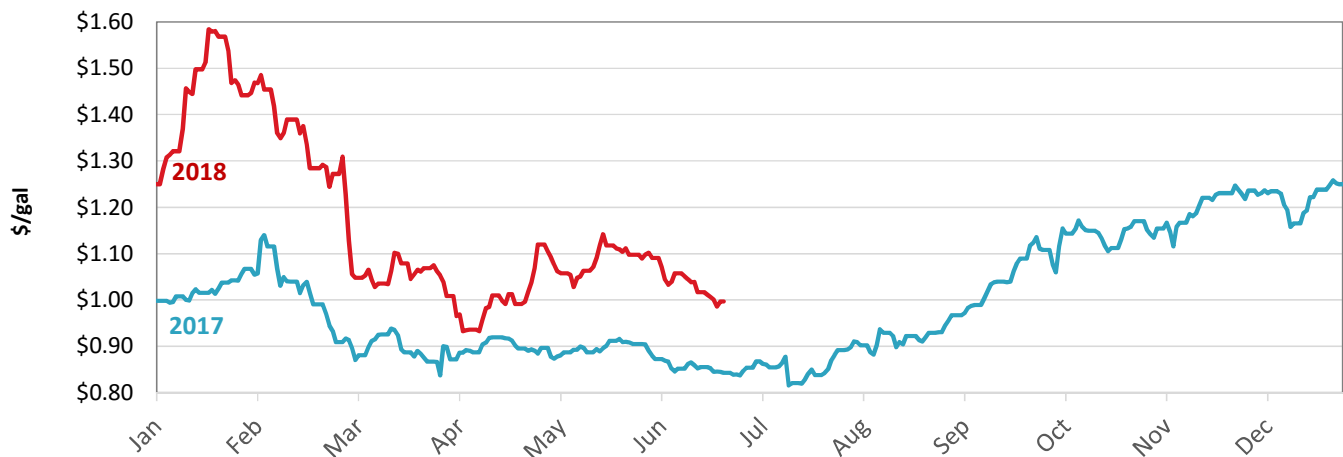
Basis is the price differential between Henry Hub, located in Erath, Louisiana, and the liquidity point closest to the end-user. Because Henry Hub is used as the delivery point for NYMEX natural gas futures contracts, the cost of using natural gas in any geographic region of the country can be approximated by adding the basis price for the appropriate liquidity point to the NYMEX futures contract. Basis prices can be negative (indicating that natural gas at a liquidity point is cheaper than at the Henry Hub) or positive (indicating that natural gas at a different liquidity point is more expensive than at the Henry Hub). Basis prices are a key component of regional electricity and natural gas costs.

Natural Gas Basis, Rolling 12 months futures average



### Propane

Spot propane price for Northeast US



**Spot Prices**

		<b>New England ISO Real Time Power Pricing By Zone (\$/MWh)</b>							<b>Avg</b>	
		6/18/18	6/19/18	6/20/18	6/21/18	6/22/18	6/23/18	6/24/18		
Power (\$/MWh)	Maine RT On Pk	26	27	32	52	27			33	
	Maine RT Off Pk	(14)	23	27	29	26	20	22	19	
	NH RT On Pk	28	29	32	53	28			34	
	NH RT Off Pk	(9)	28	30	30	26	21	22	21	
	Vermont RT On Pk	28	29	32	53	28			34	
	Vermont RT Off Pk	(9)	27	30	30	27	21	22	21	
	Connecticut RT On Pk	28	30	33	53	28			34	
	Connecticut RT Off Pk	(9)	28	31	30	27	21	22	21	
	Rhode Island RT On Pk	28	29	32	52	28			34	
	Rhode Island RT Off Pk	(9)	28	30	30	26	21	22	21	
	NE Mass RT On Pk	28	29	32	53	28			34	
	NE Mass RT Off Pk	(9)	28	30	30	26	21	22	21	
	SE Mass RT On Pk	28	29	32	53	28			34	
	SE Mass RT Off Pk	(9)	28	30	30	26	21	22	21	
	WC Mass RT On Pk	28	29	33	53	28			34	
	WC Mass RT Off Pk	(9)	28	30	30	27	21	22	21	
			<b>New York ISO Real Time Power Pricing By Zone (\$/MWh)</b>							<b>Avg</b>
	Power (\$/MWh)	Capital RT On Pk	27	33	30	44	25			32
		Capital RT Off Pk	13	24	26	31	34	20	19	24
		Central RT On Pk	20	36	31	50	25			32
		Central RT Off Pk	13	21	26	23	14	17	17	19
		Hudson RT On Pk	73	34	31	45	26			42
		Hudson RT Off Pk	14	23	27	29	27	19	19	23
		Mohawk RT On Pk	20	33	30	45	25			30
		Mohawk RT Off Pk	13	21	26	22	14	18	18	19
		Milwood RT On Pk	101	34	31	45	26			47
		Milwood RT Off Pk	14	23	27	29	28	19	19	23
		NYC RT On Pk	108	46	32	44	27			51
NYC RT Off Pk		15	26	27	31	28	20	22	24	
		<b>PJM Real Time Power Pricing By Zone (\$/MWh)</b>							<b>Avg</b>	
Power (\$/MWh)		Eastern Hub On Pk	54	29	44	84	84			59
		Eastern Hub Off Pk	20	25	22	21	21	17	17	21
		Western Hub On Pk	44	31	34	55	55			44
	Western Hub Off Pk	20	24	22	21	21	22	22	22	
	PPL Zone On Pk	41	26	33	44	44			38	
	PPL Zone Off Pk	19	24	21	20	20	19	19	21	
	AEP RT On Pk	46	34	46	32	32			38	
	AEP RT Off Pk	20	24	21	20	20	25	25	22	
	Chicago RT On Pk	38	31	20	22	22			27	
	Chicago RT Off Pk	19	23	21	20	20	25	25	22	
	New Jersey Hub On Pk	42	28	34	43	43			38	
	New Jersey Hub Off Pk	20	25	22	21	21	18	18	20	
			<b>California ISO Real Time Power Pricing (\$/MWh)</b>							<b>Avg</b>
	Natural Gas \$/MMBtu	SoCal Edison RT On Pk	19	23	24	26	31			25
SoCal Edison RT Off Pk		22	22	24	27	34	21	19	24	
		6/18/18	6/19/18	6/20/18	6/21/18	6/22/18	6/23/18	6/24/18	<b>Avg</b>	
Henry Hub, LA		2.97	2.90	2.95	3.00					2.95
TZ6, MA		2.80	2.72	2.68	2.65	2.63				2.70
Algonquin, MA		2.91	2.57	2.78	2.49	2.43				2.64
Chicago Hub, IL		2.77	2.69	2.73	2.79	2.64				2.72
New York, NY		2.53	2.46	2.39	2.39	2.30				2.41
Dominion South, PA		2.42	2.40	2.31	2.30	2.19				2.32
Opal Hub, WY		2.28	2.32	2.42	2.26	1.94				2.24
PG&E Citygate, CA	3.05	3.03	3.09	3.11	3.06				3.07	