

### Market Summary

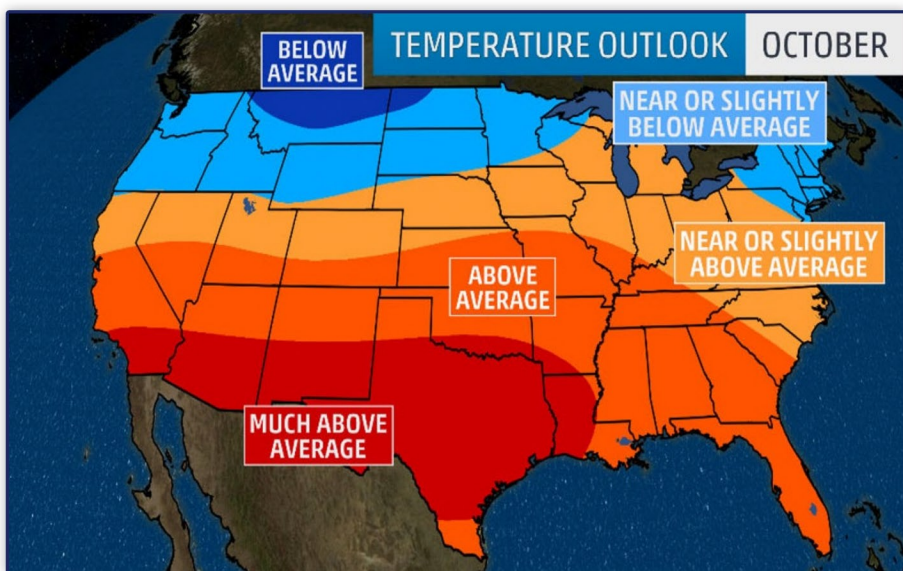
**Biggest Factor: Production**

Persistent oversupply is forecasted to drive the 2020 national average price of Henry Hub to lows not seen in decades.

**Procurement Takeaway**

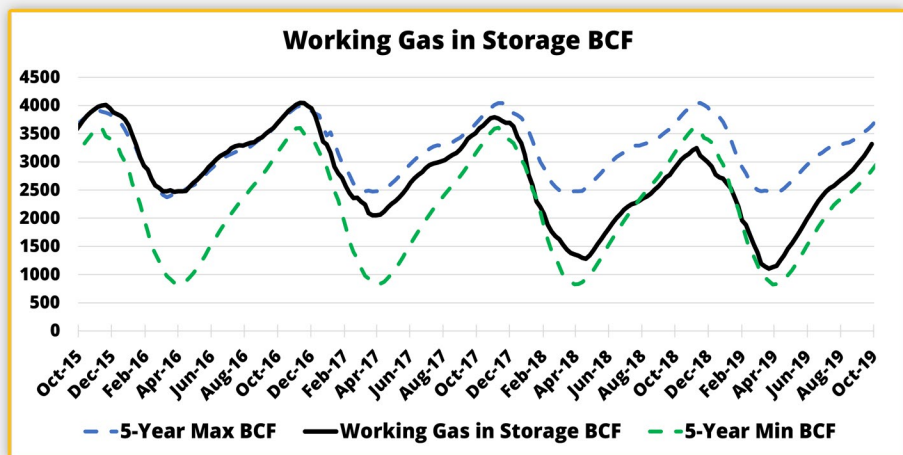
The NYMEX is relatively cheap with limited downside risks for those looking to remove long-term exposure. In Southern California, facilities should be 50% hedged by October 10 for November and December due to ongoing pipeline constraints.

### Weather



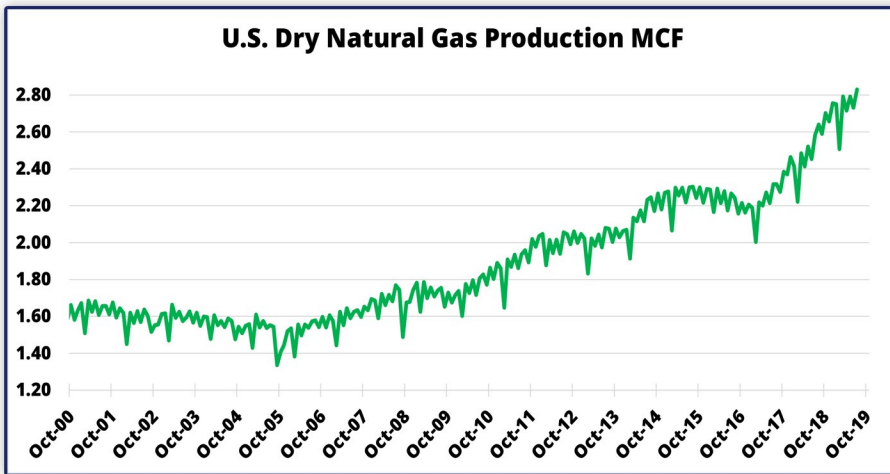
- October is set to be normal with isolated hot and cold events.
- September 2019 was the hottest on record – overtaking the 2018 title. The top four hottest Septembers have occurred in the last five years.
- End of September forecasts showed weak weather-related demand in the first half of October, allowing production growth to continue.
- **TAKEAWAY:** The market is beginning to find its rhythm as we end summer and begin the fall season.

### Storage



- Production rose to a record 93 Bcf/day in August, with production expected to average 93.4 Bcf/day from September through the end of the year.
- Working gas in storage was 3,317 Bcf as of September 27, 2019. This represents a net increase of 112 Bcf from the previous week. Stocks were 465 Bcf higher than last year at this time and 18 Bcf below the five-year average of 3,335 Bcf.
- **TAKEAWAY:** At 3,317 Bcf, total working gas is within the five-year historical range.

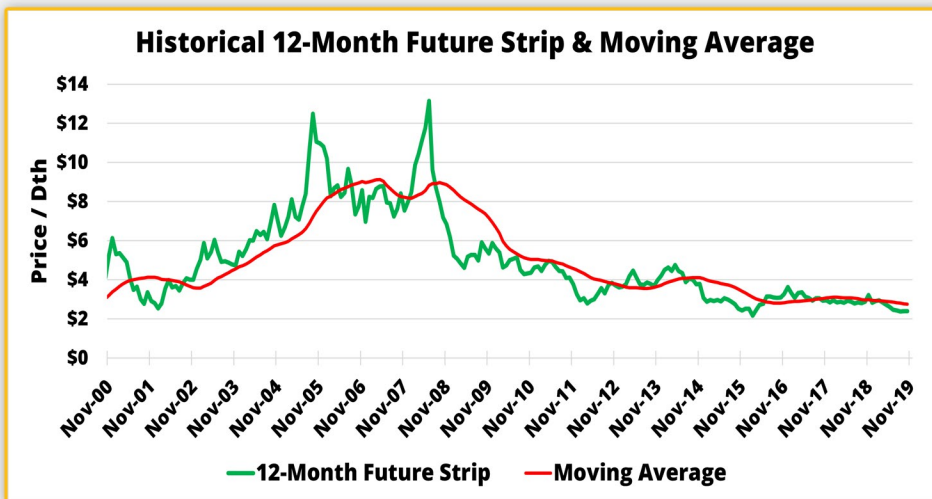
# Production



- Persistent oversupply of natural gas is forecasted to drive the 2020 national average price of Henry Hub to lows not seen in decades.
- The mid-September storage injection (102 Bcf) doubled the year-ago storage figure (51 Bcf), also beating the five-year average (74 Bcf).

**TAKEAWAY:** Natural gas supply is averaging over 90 Bcf per day and is keeping pricing in check.

# Pricing



# Bidweek

Month	12-Month Strip	NYMEX
Jan. '19	\$2.806	\$3.642
Feb. '19	\$2.818	\$2.950
Mar. '19	\$3.008	\$2.860
Apr. '19	\$2.847	\$2.713
May '19	\$2.671	\$2.566
June '19	\$2.548	\$2.633
July '19	\$2.516	\$2.291
Aug. '19	\$2.317	\$2.141
Sept. '19	\$2.481	\$2.251
<b>Oct. '19</b>	<b>\$2.410</b>	<b>\$2.291</b>

*Wholesale Prices per Mmbtu*

# Noteworthy

- Seattle is considering legislation to ban the use of natural gas in newly constructed buildings.
- A new report shows that renewable energy will overtake natural gas power plants within two decades.
- The next 30 years of economic growth in Asian countries is projected to account for more than half the increase in energy consumption worldwide over next 30 years.
- While the current Administration has rolled back methane emissions rules, some producers such as BP are implementing new technological plans to constantly monitor methane emissions at drilling sites globally.