

# BENCHMARK ENERGY

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## *Informed Energy Decisions Begin*

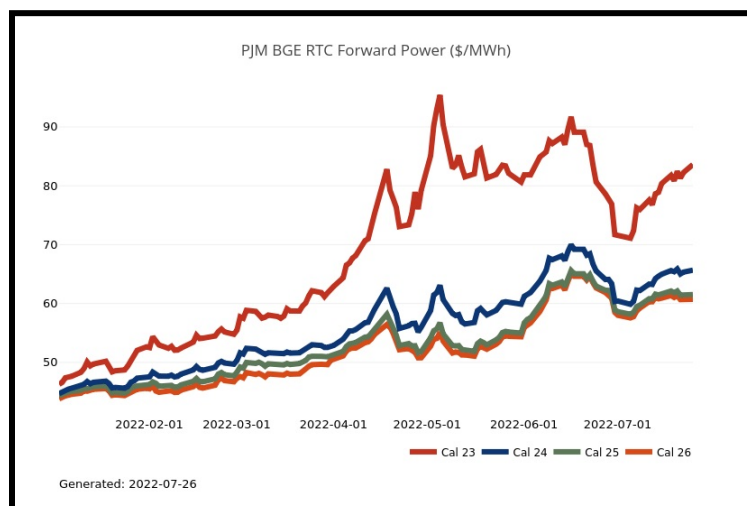
Monthly Energy Outlook  
June / July 2022

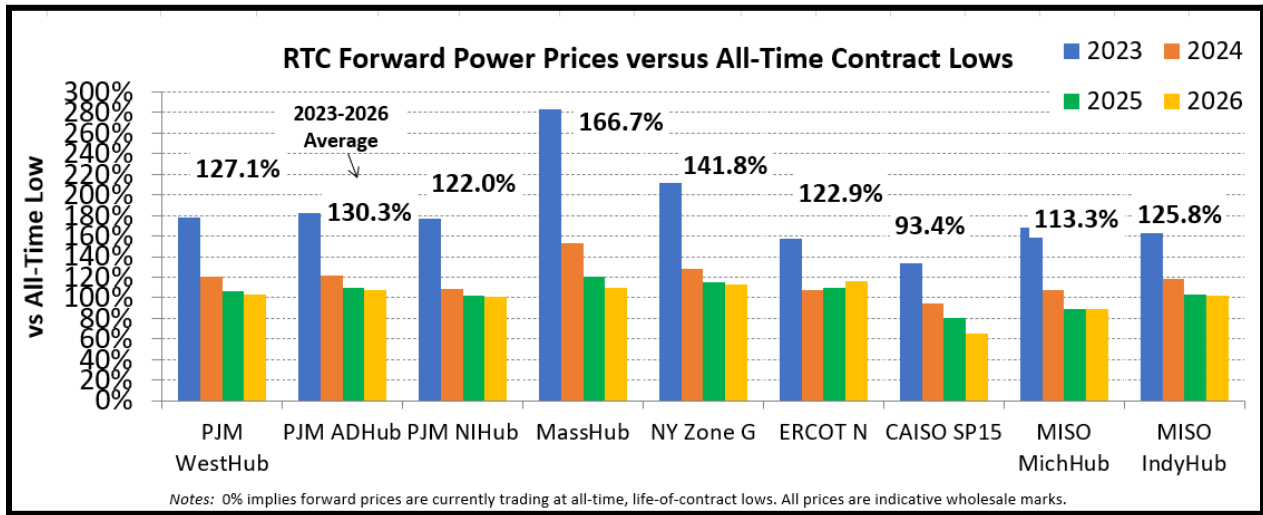
### Commodities In General (As of July 28th)

- Natural gas prices moved up sharply on Monday, July 25th posting a \$.43/MMbtu gain on the day, settling at \$8.73. Natural gas prices have risen through last week on the record summer heat that affected the entire nation and drove record air-conditioning demand and consequently natural gas demand for electric power generation
- Oil. Recession concerns have and a stronger U.S. dollar have been placing downward pressure on crude oil.

### Power

- The Mid-Atlantic Region's forward power prices were higher over the past week as hot temperatures throughout much of the country continued to support both natural gas and power prices. The heat along with the slow growth in natural gas production caused historically lower injection numbers to weigh on the market. Projections for end-of-season inventory levels and its impact on winter supply continues to be a concern. Forward power prices in the Mid-Atlantic region were +1% higher for the entire 2023-2027 term over the past week, with the Cal'23 term showing a +3% increase while the Cal'25-'27 terms were unchanged





Natural Gas Rig Count		Week Ending	7/22
This Week:			155
Last Week:			153
Change:			+2
Year Ago:			104

Natural Gas Storage		Week Ending	7/15
Current Week Stocks (Bcf)			2,401
Previous Week Stocks (Bcf)			2,369
Implied Net Change W-o-W (Bcf)			+32
Year-Ago Stocks (Bcf)			2,671
5-Year Average (Bcf)			2,729
Difference from 5-Year Avg (%)			-12.0%

Natural Gas Supply & Demand Bcf/d		Week Ending	7/22
Dry Natural Gas Production			96.6
Gas Demand for Power Gen			43.4

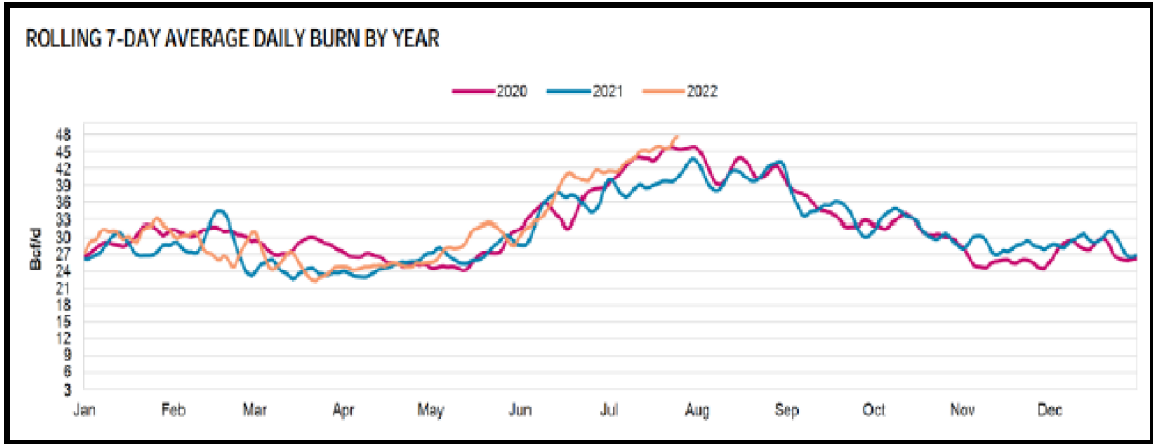
Physical Cash Prices		Week Ending		7/22
Commodity	Price	W-o-W Δ	\$/MMBtu	
Natural Gas (\$/MMBtu)	\$8.30	\$1.69	\$8.30	
Propane (\$/gal)	\$1.12	\$0.02	\$12.24	
CAPP Coal (\$/ton)	\$176.15	(\$1.15)	\$9.81	
PRB Coal (\$/ton)	\$16.55	\$0.00	\$2.60	
No. 2 Fuel Oil (\$/bbl)	\$144.06	(\$7.98)	\$22.91	

NYMEX Futures Pricing (\$/MMBtu)	This Week 22-Jul-22	Last Week 15-Jul-22	W-o-W Δ
NYMEX Prompt	\$8.30	\$7.02	\$1.28
NYMEX 12-Month Strip	\$7.31	\$6.49	\$0.82
Balance 2022	\$8.24	\$6.99	\$1.25
Summer 2022 (Apr-Oct)	\$7.43	\$6.78	\$0.64
Winter 2022-'23	\$8.22	\$7.06	\$1.16
Calendar 2023	\$5.71	\$5.31	\$0.40
Calendar 2024	\$4.73	\$4.65	\$0.08

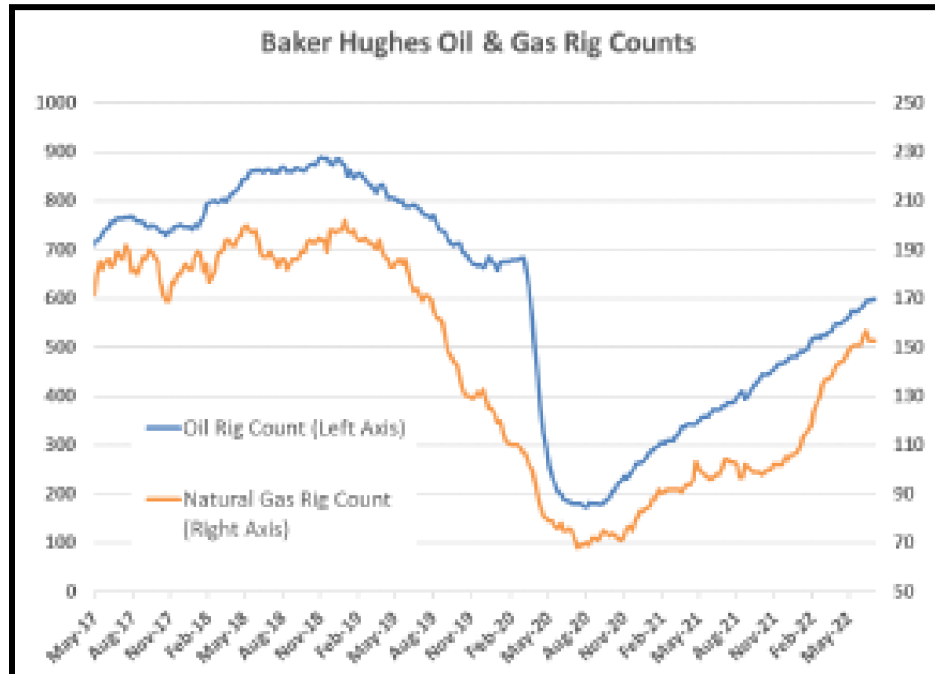
## Natural Gas

- The Energy Information Administration (EIA) reported an injection of 32 Bcf into underground storage for the week ending July 15. Inventories are 2,401 Bcf, which is 10% less than the same period last year and 12% lower than the 5-year average.
- For the week ending July 13th, Baker Hughes reported 153 gas-directed rigs, the same as last week. Oil-directed rigs were at 599 for the same period, up two from the previous week.
- On June 30th, the EPA announced it was considering designating the Permian basin of TX/NM to be in “non-attainment” with its ozone standards. If deemed in violation, TX/NM state regulators would have three years to develop plans to lower ozone levels. The Permian basin produces 43% of U.S. oil output so uncertainty over regulations could discourage future investment.
- Natural gas used for power generation is seeing strong gains over the last year. The loss of coal generation on the grid means natural gas is often the only fuel available to generate electricity. Further, gas is transported by pipeline whereas coal is stored on site where the generation plants are. Any disruption to the pipelines or other constraints could prove problematic – to say the least.



## Coal

- Demand for U.S. Central Appalachian exports to Europe have pushed U.S. CAPP coal prices up to \$175/short ton. Yet, production has struggled to recover to pre-pandemic levels due to lack of investment.
- Thirteen gigawatts of coal generation retired over the past 12 months, on top of the ~65 GW that retired from 2012 – 2019 due to more stringent emissions rules from EPA and lower natural gas prices.



Have a great month and Be Safe!  
As always, thank you for your business!!

Jack Disney  
President, Benchmark Energy Group