

Energy Desk Market Report

- ▶ **Slowing Economic Growth Keeps Commodities Subdued**
- ▶ **Natural Gas Stockpiles Expected to Erase Deficit to Historical Average**
- ▶ **Weather Forecasts Continue to Flip Flop**

The Consumer Price Index (CPI) monthly report was released last week and registered a 7.7% increase over the past 12 months which was lower than expectations and a sign that higher interest rates are working to slow economic growth and fight inflation. This is also an indicator that the Federal Reserve bank will slow interest rate increases going forward. If consumer prices (inflation) had continued to rise, the FED would be more likely to keep increasing interest rates, prolonging current market conditions instead of being viewed as recently peaking.

Week over week natural gas prices are down 11%, however, we continue to see heightened volatility as weather variability increases during this time of year. Just last week we saw a large snow-storm bring 18 inches of snow to the upper MidCon states while Florida grappled with their second hurricane in past 6 weeks. Prices seem to react to every weather update as we have seen +/- 10% movements in the prompt month natural gas contract in five out of the last 6 trading sessions. Fundamentally, natural gas stockpiles are on track to erase the deficit to the 5-year average. The EIA released its weekly natural gas storage report on Thursday, showing a net increase of 79 Bcf week-over-week which was in line with expectations and reduced the deficit to the historical average to 2.1%. Looking ahead, the warm weather to start November has set the expectation that we will erase the deficit to the 5-year average on Thursday. This will help keep a lid on prices (for now) as incoming cold that begins to hit the US starting today, will persist until Thanksgiving before moderating as we enter December.

Since November 2nd, weather models have continuously grown colder for the last two weeks of the month with the current cold-snap persevering through next week before giving way to more seasonal temperatures after Thanksgiving. The mid to long range forecasts are in consensus that December will see the jet stream keep arctic air above the lower 48 states with any cold-air intrusions limited to northern states that are west of the Rockies, allowing warmer air from the Gulf of Mexico to travel north/northeasterly. These projections are based on teleconnections that analyze weather events in varying locations that impact our mid to long range weather in the US.

Quick Hits



Week over Week

Commodity	Current Price	Change (WoW)
Oil	\$88.20/Bbl	-4%
Heating Oil	\$3.58/Gal	-8%
Gasoline	\$2.59/Gal	-4%
Natural Gas	\$6.20/MMBtu	-11%
Gold	\$1,762/t. oz.	+5%
Wheat	\$8.11 cents/Bu	-7%

Natural gas storage now stands at **3,580 Bcf**, a deficit of **2.1%** versus the 5-year average and **1%** below last year's level

Market Data

Bullish Market Factors

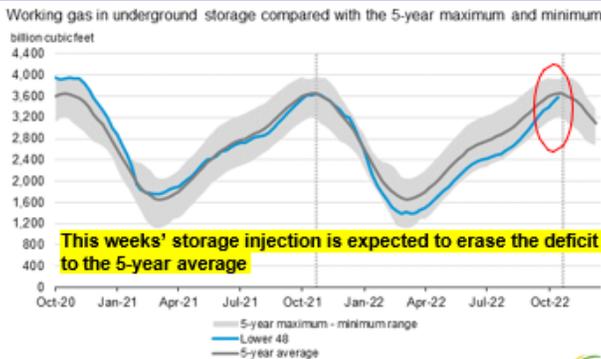
- Russia Conflict with Ukraine
- Shut-down LNG Facility Will Come Back Online
- Incoming Coldsnap
- Natural Gas Injection Season Coming to an End

Bearish Market Factors

- Rising Natural Gas Stockpiles
- Record Natural Gas Production
- Delayed Re-start for Freeport LNG Facility
- Moderate Temperature Forecast for December

Technical Analysis

Natural Gas Trends



Source: U.S. Energy Information Administration
Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2017 through 2021. The dashed vertical lines indicate current and year-ago weekly periods.



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, November 2022, CME Group, and Refinitiv an LSEG Business

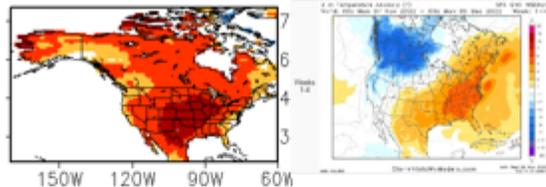
Note: Confidence interval derived from options market information for the five trading days ending November 3, 2022. Intervals not calculated for months with sparse trading in near-the-money options contracts.

Weather

Short & Mid-Range Weather Outlook

December Forecasts Flip from Well-Above Normal to Patterns Reflective of a Weakening La Nina (Wetter and Colder to the North/Dryer and Warmer to the South)

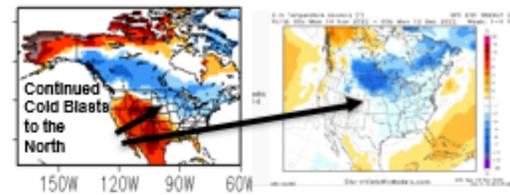
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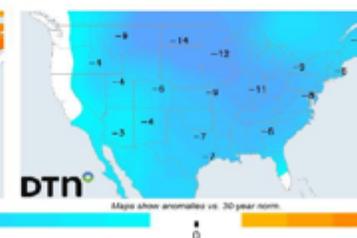
Nov 11 - Nov 17



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Nov 18 - Nov 24



Nov 25 - Dec 1

