

NATURAL GAS ALERT

ENERGY PROCUREMENT SOLUTIONS

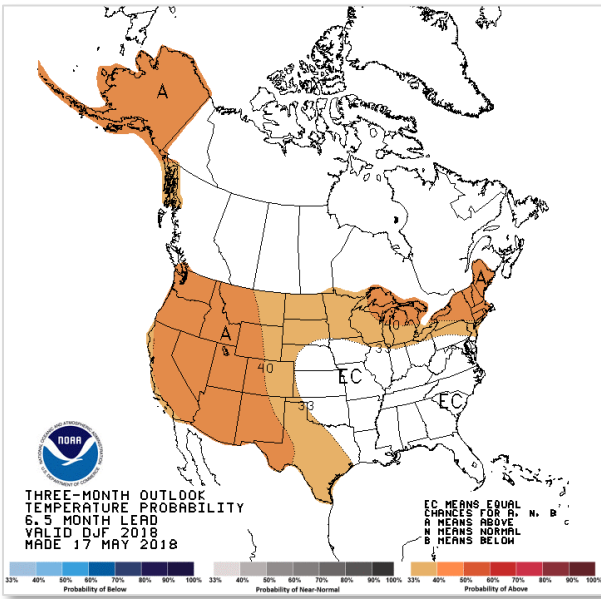
SUMMER 2018

CBRE PERSPECTIVE

Natural Gas – Neutral – Summer

Summer has historically offered opportunities to fix **prices at value levels** (below average). However, this Summer has both Bearish and Bullish perspectives that need to be monitored

- **Bear Perspective: Production is at record levels and capacity remains for further growth.** Plus, higher oil prices support production even at low natural gas price levels
- **Bull Perspective: Storage is low and demand is increasing.** Larger Year over Year injections are needed to get to an acceptable level before winter and demand both domestic and export are up.



NYMEX PRICE

Natural gas price volatility returned briefly this past winter due to volatile weather patterns.

- Natural gas prices **are below this time last year (2017)** and have been in a range between \$2.90 and \$2.80 for over a month
- Rolling 12 month average shows the strong mean reversion – **price spikes and dips are short lived**
- Current price quotes are in line with the rolling average and a **value** from a historic perspective

toward a greener tomorrow

CONTACTS

Chris Thomas, Sr. Director
815-600-4095
chris.thomas@cbre.com

Brian May, Director
630-303-3996
brian.may2@cbre.com

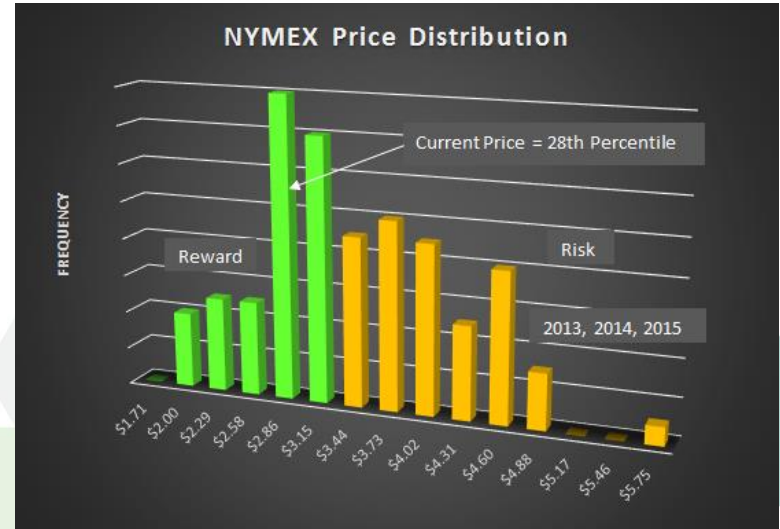


FIGURE A: Historic Price Distribution – Value Price in Green and Risk in Orange

WEATHER

WINTER 18/19 – December, January and February probabilistic forecast from NOAA

- **Warm Weather - West and Northern States** – a better than average chance for West and North with an equal chance for warm or cold for Central and Southeast
- **NOAA forecasted a higher probability of a warmer 17/18 winter** which ended up being colder than normal for much the country which emphasizes **the need to be prepared** for all reasonable probabilistic scenarios



FIGURE C: Natural Gas NYMEX 12 Month Strip Price

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