



MONTHLY MARKET UPDATE

May 2016



MARKET COMMENTARY

Powered by: *Premiere Energy Auctions* and Gary Graham - Director of Energy Management

Production declines continue to force price support in an oversupplied market. Rig counts are at all-time lows driving concerns that production will continue to decline, which has outweighed the huge amount of gas in storage and mild temperatures. Oil prices have crept into the domestic natural gas picture with its own rig count reduction, producing lower levels of associated gas production. Discouragement in oil rigs will bolster upward price pressure in natural gas and electricity markets. Since there are no market-moving weather events currently in play, prices are inclined to flatten until a continued mild front persists or early cooling demand arises.

QUICK HITS

- According to Baker Hughes, the oil and gas rig count is near its lowest level since the company began surveying rig counts in 1929
- Continued bearish sentiment in oil and gas markets are leading to increased loan delinquency rates, and higher unemployment rates in the field
- The April 17 Meeting at Doha between major OPEC producers made little progress to freeze global output levels. Energy prices continued to rally despite failed negotiations
- The average residential retail price of electricity is down 1.1% to \$0.121/MWh over a year ago, as reported by the EIA

BULLISH FACTORS

- U.S. dry natural gas production has declined off its February high mark
- Several major refineries came offline this past month, sending prices up
- Delays on gas pipeline infrastructure to the Northeast markets will impact delivery, and create supply constraints

BEARISH FACTORS

- Oil and natural gas storage still remain at record high levels
- Gas injection season is underway, total working gas in underground storage is above 5 year historical range
- Demand for energy is still relatively weak in the lower 48

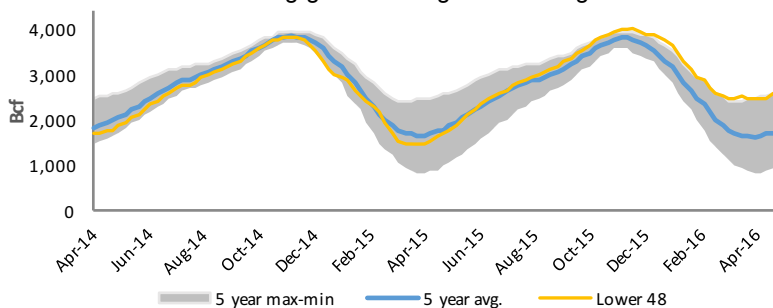
NATURAL GAS

CURRENT/HISTORICAL STORAGE (Bcf)

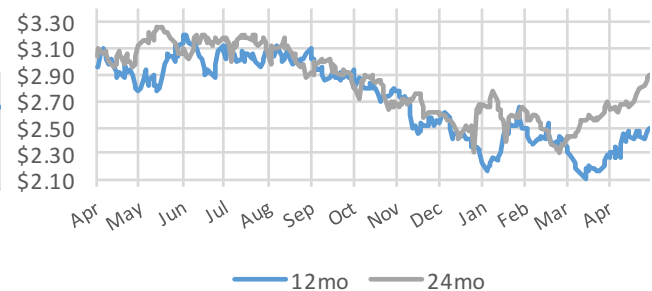
Region	This Week	Last Week	% Chg	Year Ag	5-Yr. Avg.	Trade Date	Open	High	Low	Settle		Est. Volume
East	431	408	5.6% ↑	287	332	4/29/16	2.06	2.195	2.042	2.178	↑ 5.7%	275,167
West	986	961	2.6% ↑	690	681	4/28/16	2.149	2.155	2.054	2.078	↓ 3.3%	186,375
Producing	1140	1115	2.2% ↑	710	712	4/27/16	2.064	1.95	1.95	1.995	↓ 3.3%	14,217
TOTAL	2557	2484	2.9% ↑	1687	1725	4/26/16	2.072	1.905	1.993	2.032	↓ 1.9%	64,565

NYMEX NG FUTURES (PROMPT MONTH)

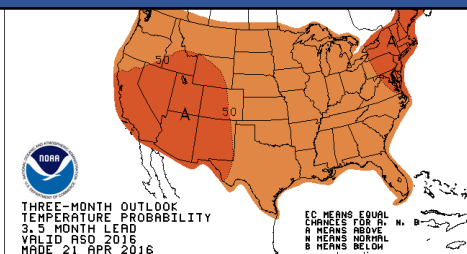
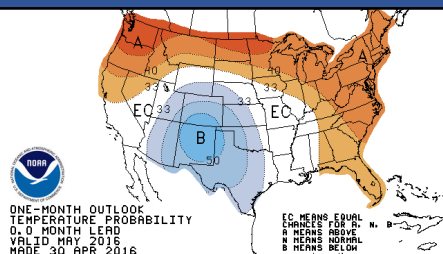
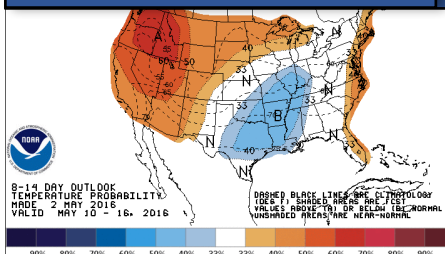
Working gas in underground storage



Rolling 12/24 Mos. NYMEX forward strips (\$/Dth)



NOAA TEMPERATURE PROBABILITY





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CUSHMAN & WAKEFIELD



PREMIERE
ENERGY AUCTIONS

AVERAGE RETAIL ELECTRICITY PRICE TRENDS

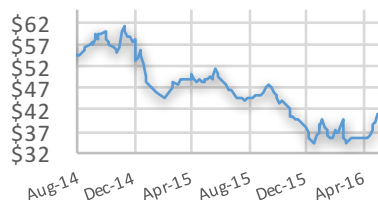
*actual rates may vary by usage and utility rate class

For Week Ending 4/22/16 | June Start

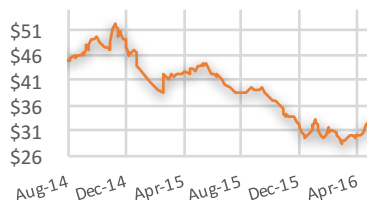
Term	New Jersey	New York	Massachusetts	Ohio	Illinois	Texas	DC	Pennsylvania	Connecticut
12-Mo.	\$0.0663	\$0.0601	\$0.0754	\$0.0697	\$0.0581	\$0.0683	\$0.0803	\$0.0777	0.0778
24-Mo.	\$0.0684	\$0.0760	\$0.0843	\$0.0707	\$0.0611	\$0.0717	\$0.0803	\$0.0879	0.0861
36-Mo.	\$0.0690	\$0.0644	\$0.0913	\$0.0721	\$0.0643	\$0.0741	\$0.0879	\$0.1000	0.0932
48-Mo.	\$0.0688	\$0.0656	*	\$0.0723	\$0.0657	\$0.0730	*	*	0.0946

HISTORICAL 12-MONTH ELECTRICITY PRICES

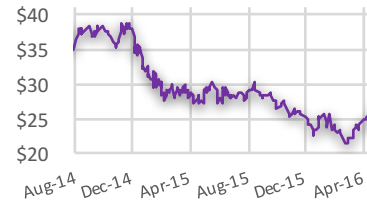
NYISO - Zone J



PJM - PSEG



ERCOT - TX NORTH



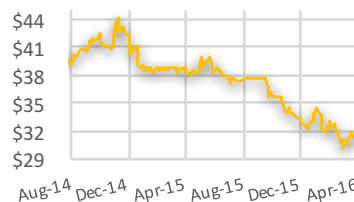
NE-ISO - MASS HUB



PJM - COMED



PJM - ATSI



ENERGY MARKET NEWS

Nasdaq Oil & Gas Industry Outlook - April 2016

<http://bit.ly/1Y3DG4Y>

EIA Electricity Monthly Update

<http://www.eia.gov/electricity/monthly/update/>

Bloomberg Energy Markets

<http://www.bloomberg.com/energy>

PEPCO Files for Major Rate Hike in Maryland

<http://bit.ly/1TgEJu9>

Data Highlights

WTI crude oil futures price

4/29/2016: **\$45.92/barrels**

↑ \$2.19 from week earlier

↓ \$13.71 from year earlier

Natural gas futures price

4/29/2016: **\$2.178/MMBtu**

↑ \$0.038 from week earlier

↓ \$0.573 from year earlier

Weekly coal production

4/23/2016: **10.332 million tons**

↓ 0.755 million tons from week earlier

↓ 6.529 million tons from year earlier

Natural gas inventories

4/22/2016: **2,557 Bcf**

↑ 73 Bcf from week earlier

↑ 870 Bcf from year earlier

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