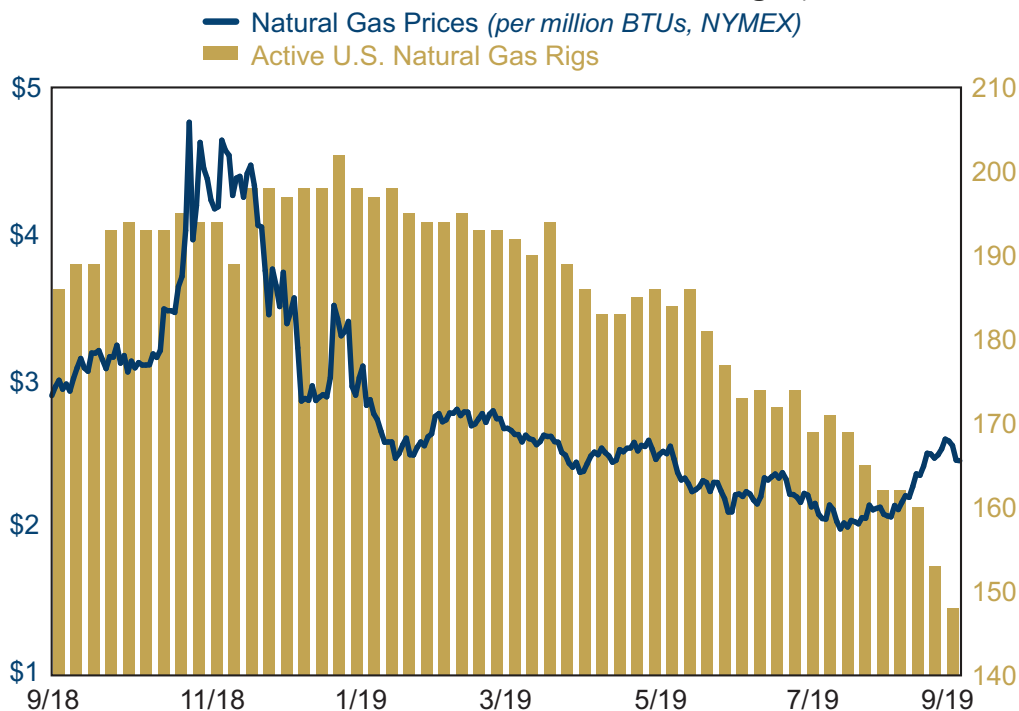


The Upcoming Winter Heating Season Could Provide A Much Needed Boost To Natural Gas Prices

Natural Gas Prices vs. Active U.S. Natural Gas Rigs (9/21/18-9/20/19)



Source: Bloomberg. Natural gas prices are daily closing values. Active U.S. natural gas rigs released weekly by Baker Hughes.

View from the Observation Deck

1. As of the close on 9/20/19, the price of natural gas stood at \$2.53 per million British thermal units (BTUs), down 15.10% from where it closed on 9/21/18.
2. The price of natural gas, however, surged from \$2.98 per million BTUs on 9/21/18 to \$4.84 per million BTUs on 11/14/18, or an increase of 62.42%.
3. The 2019-2020 winter forecast from the Farmers' Almanac predicts that two-thirds of the U.S. will face colder-than-expected temperatures this season, according to CNN. The worst of the "bitterly cold" winter is expected to span from the Rockies all the way to the Appalachians.
4. Much like crude oil production in the shale regions of the U.S., natural gas production has been robust. Natural gas inventories stood at 3.103 trillion cubic feet as of 9/13/19, just 2.4% below the 5-year average, according to Bloomberg.
5. In an effort to try to temper output, natural gas producers have reduced the number of active U.S. natural gas rigs from a period high (see chart) of 202 on 1/11/19 to 148 on 9/20/19. That represents a 26.73% reduction in rig count.
6. For those investors considering committing some of their capital to natural gas or the producers of natural gas, keep at least one eye on the weather.

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