

News Tracker:

-Natural gas spot prices were mostly down across the country from Wednesday, January 11 to Wednesday, January 18 (the "Report Week"). The Henry Hub spot price fell 3¢ from \$3.28/MMBtu at the open of the Report Week to \$3.25/MMBtu to close the Report Week.

-At the New York Mercantile Exchange (Nymex), the February 2017 natural gas futures contract price rose 8¢ from \$3.224/MMBtu to begin the Report Week to \$3.302/MMBtu to end the Report Week.

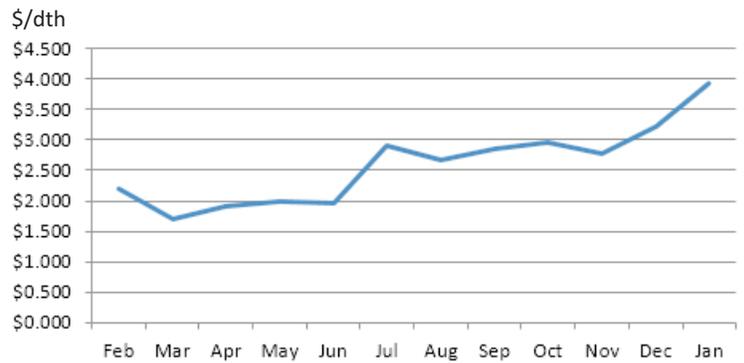
- Net working natural gas withdrawals from storage totaled 243 Bcf for the week ending January 13, compared with the five-year (2012-16) average net withdrawal of 170 Bcf and last year's net withdrawal of 175 Bcf during the same week. Working natural gas stocks total 2,917 Bcf, which is 77 Bcf below the five-year average and 431 Bcf below last year at this time. This week's storage withdrawal marks the third time that weekly net withdrawals have topped the 200 Bcf mark during the 2016-17 heating season. The substantial storage draw is related to a combination of cold weather, increased capacity for natural gas-fired electric generation, reduced natural gas production relative to last year, and increased natural gas export volumes. Working gas stocks stand at 2,917 Bcf, which is 3% below the five-year (2012-16) average for this week and 13% below last year at this time. Average temperatures in the Lower 48 states fell 5°F on the week and averaged 32°F. Temperatures in most regions of the US were below seasonal norms for the period. Falling temperatures this week pushed temperatures 1°F below the normal level for this time of year and 3°F lower than last year at this time. Heating degree days in the Lower 48 states totaled 230, compared with 209 last year and a normal of 225.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 11¢, closing at \$6.76/MMBtu for the week ending January 13. The prices of natural gasoline, ethane, butane, and isobutane fell by 4%, 2%, 5%, and 6%, respectively. The price of propane rose by 3%.

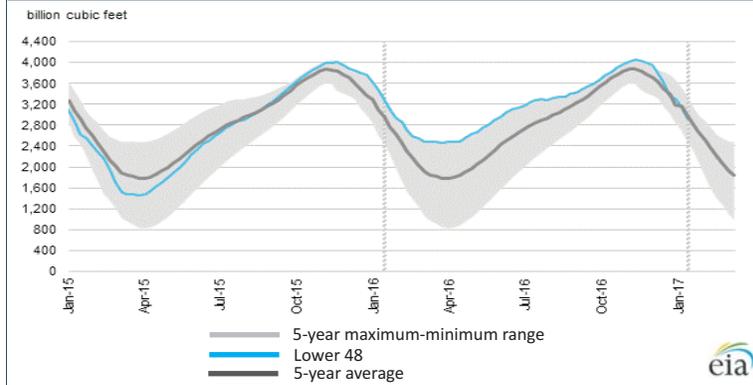
-According to Baker Hughes, for the week ending Friday, January 13, the natural gas rig count increased by 1 to 136. The number of oil-directed rigs fell by 7 to 522. The total rig count dropped by 6, and it now stands at 659.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Feb2016 - Jan 2017:



Working nat. gas in underground storage as of January 13, 2017



Forward 12-month NYMEX natural gas strip price - Feb17-Jan18:

Process Load-weighted \$3.402/dth - w/w = +\$0.096
 Typical Heat Load-weighted \$3.403/dth - w/w = -\$0.091

Energy commodity prices rose more than other commodity sectors in 2016:

The spot energy index in the S&P Goldman Sachs Commodity Index (GSCI) rose 48% since the start of 2016, more than any other commodity group in the S&P GSCI. West Texas Intermediate (WTI) and Brent, two major crude oil benchmarks, account for 69% of the weighting in the S&P GSCI energy index. As a result, the energy index tends to follow major price movements in the crude oil market. After two years of significant price declines, crude oil prices rose from the 13-year lows set in January and February 2016. With declines in crude oil production in the US, China, Canada, and Venezuela, global liquid fuels inventory growth slowed in 2016 compared with 2015. Since May, crude oil prices have generally remained between \$40 per barrel (b) and the low \$50/b range. Crude oil prices rose to their highest points in 2016 during December after the OPEC and non-OPEC countries announced agreements to cut crude oil production beginning in 2017. Petroleum-based products such as reformulated gasoline blendstock for oxygenate blending (RBOB), ultra-low sulfur diesel (ULSD), and gasoil comprise 26% of the S&P GSCI energy index. RBOB had the smallest price increase among energy commodities, as gasoline stocks rose to a record high earlier in 2016 after refineries increased gasoline production yields. However, growth in U.S. gasoline consumption and record high U.S. gasoline exports helped to draw down gasoline inventories and to provide some price support in the last few months of 2016. Lower distillate production helped stabilize distillate inventory levels in 2016 after distillate stocks rose significantly in 2015. Natural gas accounts for the remaining 5% of the S&P GSCI energy index, and it experienced the largest percentage increase in price among energy commodities in 2016. High levels of natural gas storage at the start of the 2015-16 winter, together with warm winter weather that kept withdrawals below seasonal norms, translated into very low natural gas prices at the start of 2016. Natural gas prices increased rapidly in the second half of 2016 because of record natural gas-fired electricity generation in the summer of 2016 and expectations that the 2016-17 winter would be significantly colder than the previous winter.

Components of the S&P Goldman Sachs Commodity Index (2016)



Sources: Bloomberg L.P.
 Note: S&P GSCI indices shown in the chart are spot return indices, which only reflect levels of futures contracts included in the index.

"In times of change learners inherit the earth; while the learned find themselves beautifully equipped to deal with a world that no longer exists." -Eric Hoffer¹

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¹<https://www.brainyquote.com/quotes/quotes/e/erichoffer109153.html>