


News Tracker:

-Natural gas spot prices rose at most locations this Report Week (Wednesday, April 27, to Wednesday, May 4), with some exceptions in the Northeast. The Henry Hub spot price was \$1.88/MMBtu to begin the Report Week and finished the Report Week at \$1.99/MMBtu.

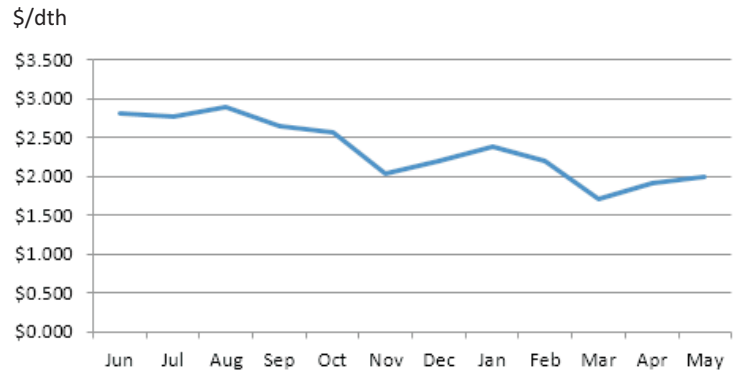
-At the New York Mercantile Exchange (Nymex), the June 2016 natural gas futures contract price declined slightly over the Report Week, starting at \$2.153/MMBtu and closing the Report Week at \$2.141/MMBtu.

- Working gas in the Lower 48 states posted its third straight week of net injections. Net injections into storage totaled 68 Bcf for the storage report week ending April 29, compared with the five-year (2011-15) average of 64 Bcf and last year's net injection of 77 Bcf during the same week. As a result, the surplus in storage compared with the five-year average rose from the previous week to 836 Bcf, and the surplus compared with year-ago levels decreased to 861 Bcf. Decisions about whether to inject gas into storage during the refill season are often made with an eye toward the upcoming January, because it is typically the coldest winter month. During the most recent storage week, the average natural gas spot price at the Henry Hub was \$1.90/MMBtu, while the Nymex futures price of natural gas for delivery in January 2017 averaged \$3.04/MMBtu, a difference of \$1.14/MMBtu. A year ago, the premium was 47¢/MMBtu, suggesting there is more financial incentive this year to buy and store natural gas in the summer for sale in the winter. The average Henry Hub price so far in the injection season this year, from April 1 to April 29, was \$1.90/MMBtu, 26% lower than the average value of \$2.60/MMBtu for the same period last year.

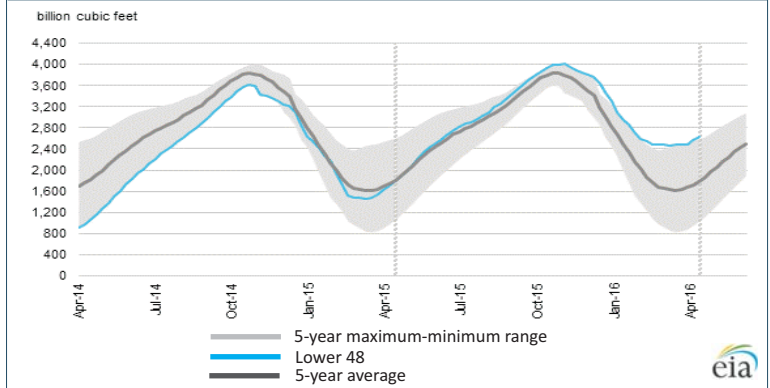
-According to Baker Hughes data, for the week ending April 29, the natural gas rig count fell by 1 to 87, and oil-directed rigs fell by 11 to 332. One miscellaneous rig was added during the week. The total rig count fell by 11, and now stands at 420.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Jun 2015 - May 2016:



Working nat. gas in underground storage as of April 29, 2016

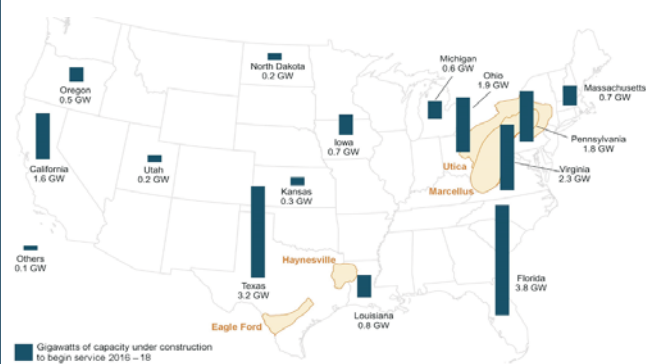


Forward 12-month NYMEX natural gas strip price - Jun16-May17:

Process Load-weighted \$2.709/dth (w/w = -\$0.020)
 Typical Heat Load-weighted \$2.898/dth (w/w = -\$0.029)

New gas-fired powerplants are concentrated near major shale plays:

In 2015, a combination of low natural gas prices, increases in gas-fired generation capacity, and coal power plant retirements led to a 19% annual increase in gas-fired power generation, with the gas share of total generation increasing from 28% in 2014 to 33% in 2015. The US Energy Information Administration forecasts in 2016, for the first time, natural gas-fired generation will exceed coal generation in the US on an annual basis. Growth in gas-fired generation capacity is expected to continue over the next several years as 18.7 gigawatts (GW) of capacity, completed in 2016 or currently under construction, comes online between 2016 and 2018. Many of these additions are concentrated around the prolific Marcellus and Utica shale region, largely located in Pennsylvania, West Virginia, and Ohio. Natural gas production from the Eagle Ford and Haynesville shale resources, located in Texas and Louisiana, has also grown, and there are notable levels of gas-fired capacity under construction in those areas. New gas-fired capacity additions, particularly those located around Marcellus and Utica shales, are being built in part to replace retired coal generation capacity. Since 2015, after the US EPA's Mercury and Air Toxics Standards rules went into effect, more than 18 GW of electric generating capacity was retired, of which coal plant retirements accounted for more than 80%. Almost one half of retired coal capacity was located in Ohio, Georgia, and Kentucky, while other states with traditionally high levels of coal-fired electricity generation, such as Virginia, West Virginia, and Indiana, each retired at least one GW of coal capacity in 2015.



“I think Thomas Jefferson would have said the more speech, the better.” -Justice Antonin Scalia