



News Tracker:

-Natural gas spot prices rose across most of the country this Report Week (Wednesday, June 22, to Wednesday, June 29). The Henry Hub spot price continued its upward climb, rising by 15¢ from \$2.78 per million British thermal units (MMBtu) to open the Report Week to \$2.93/MMBtu to close the Report Week.

-At the New York Mercantile Exchange (Nymex), the July 2016 natural gas futures contract settled on Tuesday, June 28 at \$2.917/MMBtu, up 24¢ since the previous Wednesday. The August 2016 contract rose to \$2.863/MMBtu on June 29, up 15¢ since the previous Wednesday.

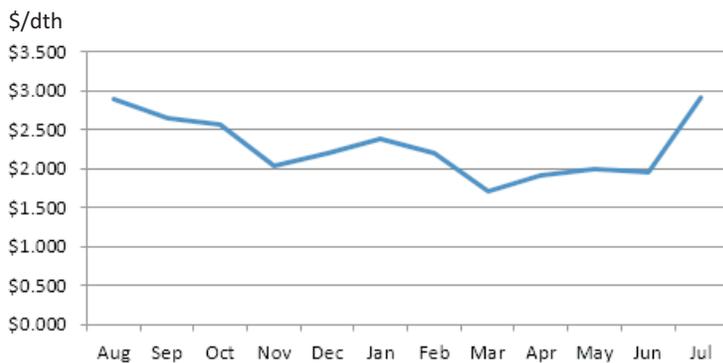
-The implied net flow to working gas totaled 42 Bcf for the week ending June 24. Working gas stocks are 3,140 Bcf, which is 23% above the year-ago level and 25% above the five-year (2011-15) average for this week. Temperatures in the Lower 48 states averaged 75°F during the storage report week, climbing 3% from the previous week. Temperatures during the report week were above normal throughout the Lower 48 states, on average by 4%, and were 1% below last year at this time. During the most recent storage week, the average natural gas spot price at the Henry Hub was \$2.71/MMBtu, while the Nymex futures price of natural gas for delivery in January 2017 averaged \$3.32/MMBtu, a difference of 61¢/MMBtu. A year ago, the premium was 47¢/MMBtu

- When Great Britain voted last Thursday to leave the European Union, a decision referred to as the Brexit, stock prices around the globe fell, the British pound weakened, and the dollar strengthened, which may have applied downward pressure on crude oil prices. The Brent crude price fell to \$46.69 per barrel (b) on Friday, June 24, and it continued to fall through Monday, June 27, to \$45.07/b.

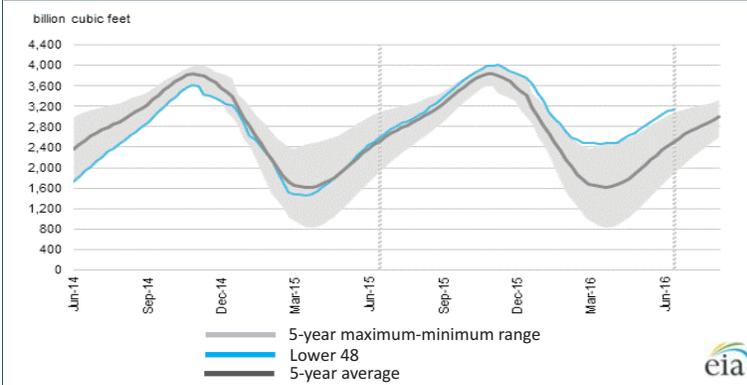
-According to Baker Hughes, for the week ending Friday, June 24, the natural gas rig count increased by 4 to 90, the largest weekly increase in natural gas rigs in nearly a year. Oil-directed rigs decreased by 7 to 330. The total rig count decreased by 3 over the week.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Aug 2015 - Jul 2016:



Working nat. gas in underground storage as of June 24, 2016

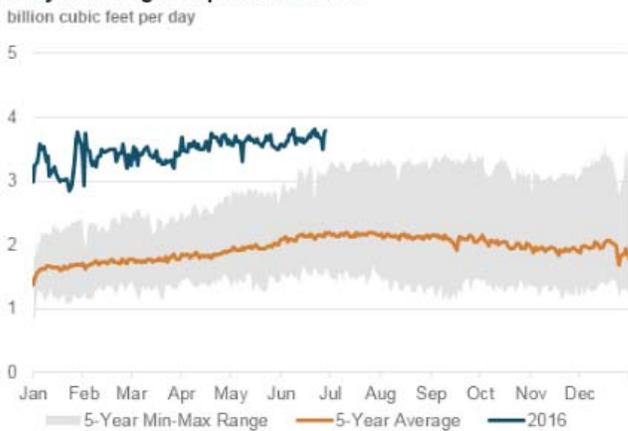


Forward 12-month NYMEX natural gas strip price - Aug16-Jul17:

Process Load-weighted \$3.095/dth (w/w = +\$0.087)
 Typical Heat Load-weighted \$3.204/dth (w/w = +\$0.083)

Natural gas pipeline exports to Mexico reduce US net imports; combined with increased power burn demand, contribute to upward price pressure:

Daily natural gas exports to Mexico



Source: OPIS PointLogic Energy, an IHS Company

Net imports of natural gas to the US have declined substantially this year, averaging 2.2 billion cubic feet per day (Bcf/d) in April, up from a 30-year record low of 1.5 Bcf/d in March. Recent growth in pipeline exports to Mexico have resulted in the decline in US net imports, and a new infrastructure expansion set to come online in Mexico this week is expected to further increase US natural gas exports to Mexico. Year-to-date, pipeline exports to Mexico have averaged 3.5 Bcf/d, 37% above year ago levels and 89% above the five-year (2011-15) average level. Mexico's growing use of natural gas in the power sector and flat-to-declining production have led Mexico to increase its pipeline imports. At the same time, the growth in power burn (in Mexico and the US) has been driven by the increased availability of low natural gas prices as a result of the infrastructure buildout. In addition to increases in US pipeline exports to Mexico, pipeline imports from Canada to the United States have declined over the past several years and LNG exports are beginning to ramp up as new liquefaction capacity comes online. EIA projects the US will become a net exporter of natural gas in 2018, exporting 2.85 Bcf/d of natural gas. About half of all exports in 2018 are pipeline exports to Mexico, but later in the projection period LNG exports ramp up and exceed pipeline exports.

Excerpted from eia

“Every once in a while, someone will mail me a single popcorn kernel that didn’t pop. I’ll get out a fresh kernel, tape it to a piece of paper and mail it back to them.” -Orrville Redenbacher¹