



**News Tracker:**

-Natural gas prices showed a slight decline at the beginning of the report week (Wednesday, July 22, through Wednesday, July 29), then moved back toward their starting point at most market locations by yesterday. The Henry Hub spot price began the report week at \$2.89/MMBtu, experienced minor volatility, and ended the report week up 1¢, closing at \$2.90/MMBtu.

-The New York Mercantile Exchange (NYMEX) August natural gas contract began the report week at \$2.897/MMBtu and settled its position as the near-month contract on Wednesday, July 29, at \$2.886/MMBtu, when it expired. On July 29 the September futures contract became the new prompt month contract, and it ended the report week at \$2.864/MMBtu.

-Working natural gas in storage increased to 2,880 Bcf as of Friday, July 24. A net injection into storage of 52 Bcf for the week resulted in storage levels 26% above a year ago and 3% above the five-year average for this week. This compares with the five-year average increase of 48 Bcf for the week and last year's increase of 88 Bcf. Temperatures in the Lower 48 states averaged 77° for the storage report week, 1° warmer than the 30-year normal temperature and 3° warmer than the average temperature during the same week last year.

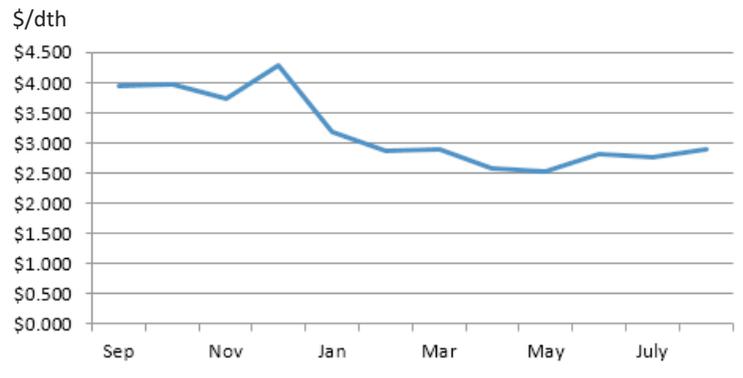
-The total U.S. oil and natural gas rig count rose this week by 19 units to 876 for the week ending Friday, July 24, according to data from Baker Hughes Incorporated. The oil rig count increased by 21 units, totaling 659, while the natural gas rig count decreased by 2 to 216. Additionally, 1 miscellaneous rig remained in operation.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, increased by 1¢ to \$4.69/MMBtu for the week ending July 24. The price for natural gasoline fell 2% for the week, but prices for ethane, propane, butane, and isobutane increased modestly between 0.1% and 2% for the week ending July 24.

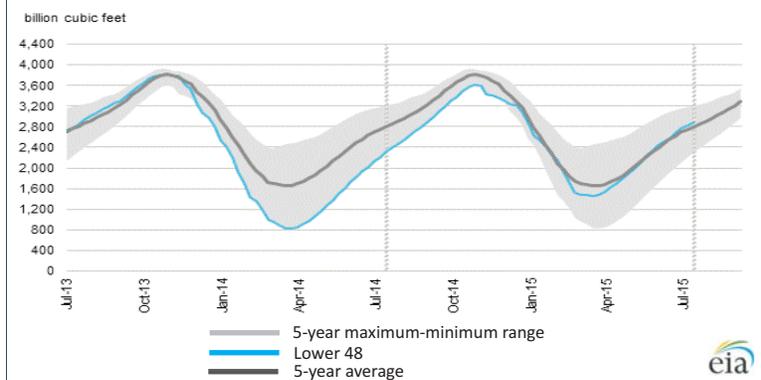
- U.S. natural gas consumption was up by 0.5% this week. Though temperatures starting the week were slightly below average, the summer heat returned midweek moving average temperatures up by as much as 4°, resulting in increased consumption for power generation by 1.4% for the week. Nationally, July's power burn averaged 32.5 Bcf/d, 20% higher than in July 2014. The high temperatures seen from coast-to-coast on Tuesday, July 28, and Wednesday, July 29, set power burn records of 37.9 Bcf/d and 38.4 Bcf/d, respectively, as noted by Bentek Energy.

Excerpted from eia

**Monthly NYMEX Natural Gas Settle Price Sep 2014 - Aug 2015:**



**Working nat. gas in underground storage as of July 24, 2015:**

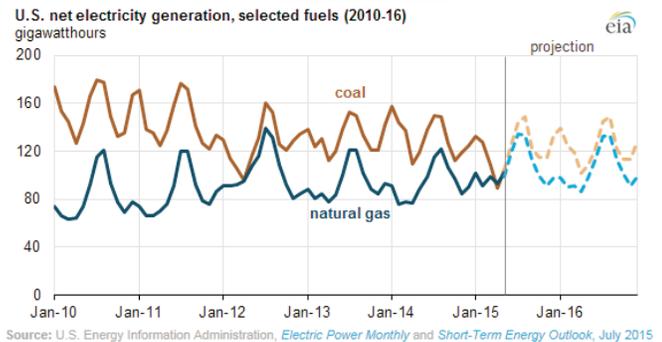


**Forward 12-month NYMEX natural gas strip price - Sep15-Aug16:**

Process Load-weighted \$3.022/dth (w/w +\$0.015)  
Heat Load-weighted \$3.078/dth (w/w -\$0.001)

**US electricity generated from natural gas surpasses coal for first time:**

In April, U.S. generation of electricity fueled by natural gas exceeded coal-fired generation for the first time since the U.S. Energy Information Administration (EIA) began collecting monthly generation data in 1973. However, EIA's latest Electric Power Monthly shows that coal's generation share once again exceeded that of natural gas during May. In April 2012, the last time monthly natural gas generation came close to surpassing coal-fired generation, spot prices for natural gas were near \$2/MMBtu on a monthly average, before returning to about \$3.50/MMBtu in the last months of 2012. Low natural gas prices make gas-fired generation economically attractive during periods of low demand when operators in many parts of the country have more flexibility to choose between coal- and natural gas-fired units based on their dispatch cost. On an annual average basis, coal has lost generation share to natural gas and, to a lesser extent, renewables. The current downward trend in coal-fired generation began in 2007, when increased U.S. production of natural gas (particularly from shale) led to a sustained downward shift in natural gas spot prices and increased generation from natural gas-fired generators. Monthly coal-fired generation for the remainder of 2015, as natural gas prices slowly rise from their April average price of \$2.61/MMBtu to about \$3.30/MMBtu by December. EIA forecasts the gap between coal and natural gas to continue diminishing: coal's annual share of U.S. generation is expected to average 36% in 2015, down from 39% in 2014, while the average fuel share of natural gas in 2015 is expected to be 31%, up from 27% last year. Because natural gas is also used to heat homes and businesses, spot natural gas prices tend to fluctuate more than spot coal prices, especially as weather and electricity demand levels differ from expectations.



Source: U.S. Energy Information Administration, *Electric Power Monthly* and *Short-Term Energy Outlook*, July 2015

“As a rule, men worry more about what they can’t see than about what they can see.” -Julius Caesar