

News Tracker:

-Natural gas spot prices fell at most locations outside of the Northeast this Report Week (Wednesday, August 3, to Wednesday, August 10). The Henry Hub spot price fell from \$2.88 per million British thermal units (MMBtu) August 3rd to \$2.73/MMBtu on August 10th.

-At the New York Mercantile Exchange (Nymex), the September 2016 natural gas futures contract fell 28¢, from \$2.839/MMBtu at the start of the Report Week to \$2.561/MMBtu to close the Report Week.

-Following last week's first summertime net withdrawal since 2006, net natural gas injections into storage totaled 29 Bcf, compared with the five-year (2011-15) average net injection of 53 Bcf and last year's net injections of 57 Bcf during the same week. Working gas stocks total 3,317 Bcf, 440 Bcf above the five-year average and 361 Bcf above last year at this time. This week marks the 14th consecutive week that the gap of working gas stocks compared with the five-year average declined. When the refill season began on April 1, working gas stocks were 874 Bcf above the five-year average.

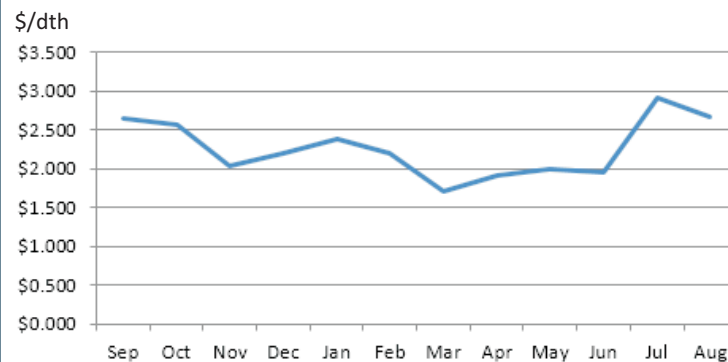
-According to Baker Hughes, for the week ending Friday, August 5, the natural gas rig count decreased by 5 to 81. This is the lowest natural gas rig count in the Baker Hughes dataset, which goes back to 1987. The number of oil-directed rigs rose by 7 to 381. The total rig count climbed by 1, and now stands at 464.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 14¢, closing at \$4.56/MMBtu for the week ending August 5. The price of ethane and propane fell by 9% and 5%, respectively; the price of natural gasoline and isobutane each rose by 2%; and the price of butane remained flat week over week.

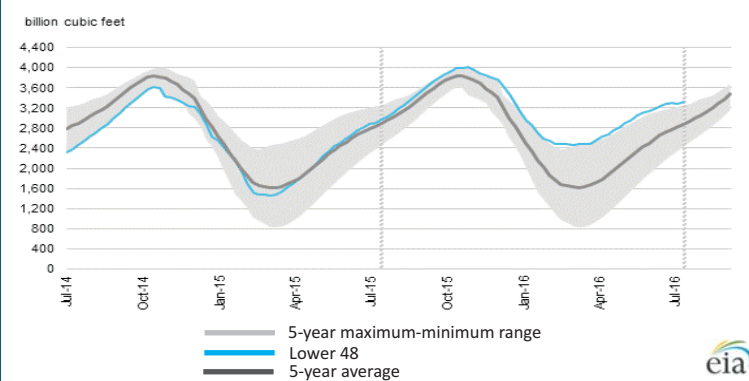
-The natural gas pipeline flows to the Sabine Pass liquefaction terminal averaged 0.9 Bcf/d, 4% lower than the previous week. Three vessels (LNG-carrying capacity 9.3 Bcf) left the terminal last week. One vessel (LNG-carrying capacity 3.4 Bcf) is currently loading at the terminal.

Excerpted from 

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



Working nat. gas in underground storage as of August 5, 2016

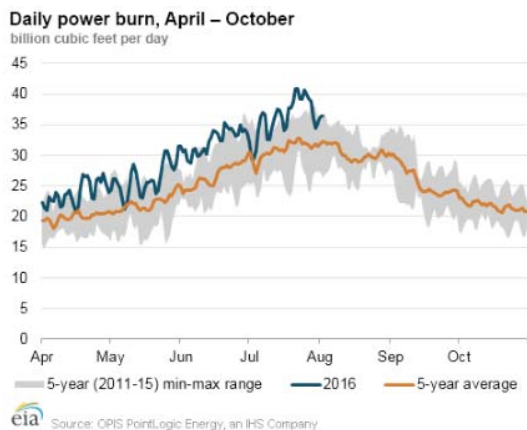


Forward 12-month NYMEX natural gas strip price - Sep16-Aug17:

Process Load-weighted \$2.947/dth (w/w = -\$0.180)
 Typical Heat Load-weighted \$3.039/dth (w/w = -\$0.178)

Use of natural gas for power generation hits record highs:

Consumption of natural gas for power generation (power burn), which has been very high throughout 2016, recently hit its highest daily level on record on July 21, reaching 40.9 billion cubic feet per day (Bcf/d). Power burn surpassed the 40 Bcf/d threshold on three separate days in late July as widespread hot weather led to strong demand for air conditioning. According to PointLogic data, nine of the ten highest power burn days on record occurred in July 2016, and one was in July 2015. Increases in power burn, as well as record high storage levels at the start of the injection season and slowing production, have supported relatively low net injections of natural gas into underground storage facilities this summer. Net injections have fallen short of both last year's levels and the five-year (2011-15) average for most weeks this summer, according to EIA's Weekly Natural Gas Storage Report. For the week ending July 29, inventories posted an overall net withdrawal for the first time in 10 years in the summer months. While positive net withdrawals are very common in the South Central region in the summer, they are usually offset by positive net injections in the other four storage regions. During the most recent storage report week, no part of the Lower 48 states was immune to heat, as highs reached into the 90s throughout most areas of the country. Low natural gas prices and growth in natural gas power generation infrastructure are the main driving factors behind this summer's growth in natural gas use. While the summer season is generally the time of year when power burn is highest, because of air-conditioning demand, gas consumption for power generation has also been rising in the winter, as natural gas makes up a larger share of baseload generation.



Excerpted from 

“There are no extraordinary men...just extraordinary circumstances that ordinary men are forced to deal with.” -William “Bull” Halsey¹