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Energy Market Report

Report Date: September 16, 2016

Report Week: September 7, 2016 to September 14, 2016

Questions?
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News Tracker:

-Natural gas spot prices were mixed this Report Week (Wednesday, September 7 to Wednesday, September 14). The Henry Hub spot price rose from $2.82/million British thermal units (MMBtu) last September 7 to $3.04/MMBtu on September 14.

-At the New York Mercantile Exchange (Nymex), the October 2016 natural gas futures contract rose 21¢, from $2.676/MMBtu to open the Report Week to $2.889/MMBtu at the close of the Report Week.

-Natural gas injections to storage continue at slower-than-normal rate through the storage week ending September 9. Net injections into storage totaled 62 Bcf, compared with the five-year (201115) average net injection of 69 Bcf and last year's net injections of 74 Bcf during the same week. Working gas stocks total 3,499 Bcf, 299 Bcf (9%) above the five-year average and 184 Bcf (6%) above last year at this time. When the refill season began on April 1, working gas stocks were 874 Bcf above the five-year average. Temperatures in the Lower 48 states averaged 74°F, 4°F higher than the normal and 2°F lower than last year at this time. Cooling degree-days (CDD) in the Lower 48 states totaled 64, compared with 79 last year and a normal of 47.

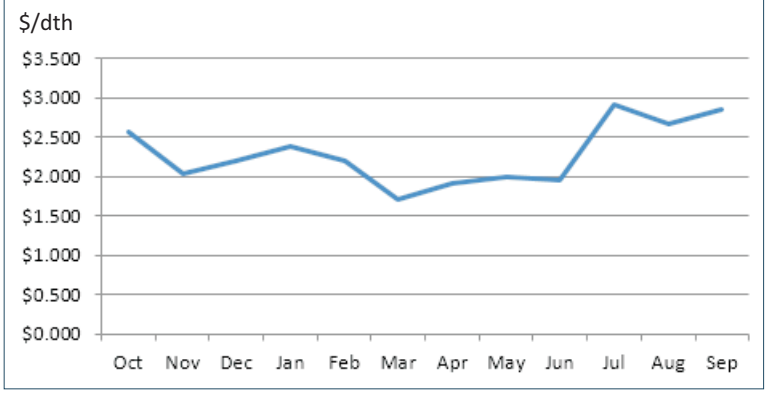
-Total U.S. consumption of natural gas rose by 4% compared with the previous report week, according to data from PointLogic. Power burn climbed by 6% week over week, driven by higher demand in the Midcontinent. Industrial sector consumption stayed constant, averaging 19.5 Bcf/d. Natural gas exports to Mexico went up 2%.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 14¢, closing at $4.83/MMBtu for the week ending September 9. The price of natural gasoline and ethane rose by 3%, butane and isobutane rose by 4%, and propane rose by 2%.

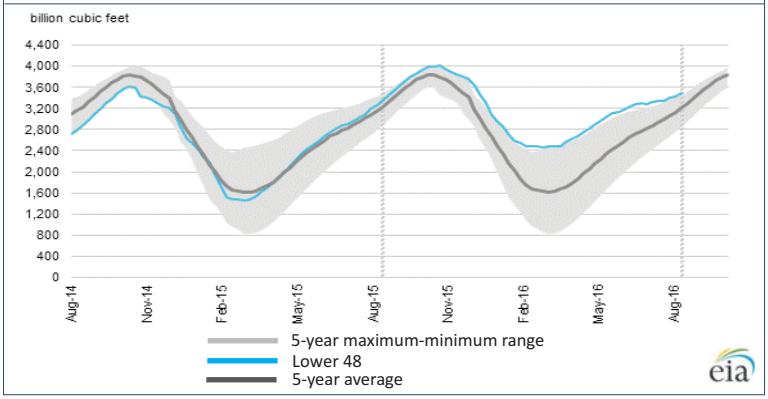
-According to Baker Hughes, for the week ending Friday, September 9, the natural gas rig count increased by 4 to 92. The number of oil-directed rigs rose by 7 to 414. The total rig count climbed by 11, and now stands at 508.

Excerpted from eia

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



Working nat. gas in underground storage as of September 9, 2016



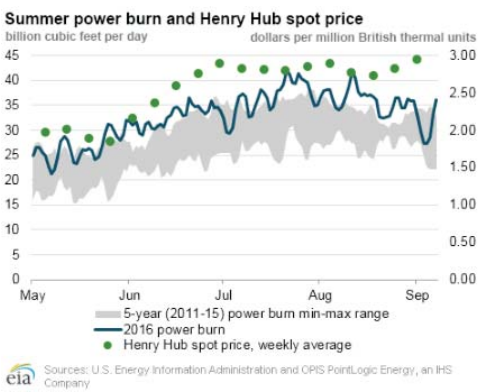
Forward 12-month NYMEX natural gas strip price - Oct16-Sep17:

Process Load-weighted $3.094/dth (w/w = +$0.112)

Typical Heat Load-weighted $3.16/dth (w/w = +$0.115)

High natural gas summer storage inventories contribute to low prices and increased power burn:

With a late-summer heat wave across much of the eastern half of the US, natural gas consumed for power (power burn) reached 36.2 Bcf on September 7, according to PointLogic data. The current high levels of power burn follow record gas consumption for power this summer. From June through August, power burn averaged 35.2 Bcf per day, 9% higher than the same months last year, and 23% higher than the five-year (2011-15) average. The total number of cooling degree-days (CDD) from June through August were 12% above the same period last year, and 24% above normal for the period. While higher demand for electricity is a primary contributor to increased use of natural gas for generation, relatively low natural gas prices this summer were also a contributing factor to the high power burn. The natural gas price at the US benchmark Henry Hub in Louisiana averaged $2.74 per MMBtu from June through August. This is 2% lower than last year at the same time, and 22% lower than the five-year average for that time period. Low prices, driven in part by high natural gas storage levels, allowed natural gas to better compete with coal as a fuel for base-load generation. US natural gas inventories stood at an all-time high of 2,480 Bcf at the beginning of the injection season on April 1, just exceeding the previous high of 2,478 Bcf set in April 2012. Similar to 2012, the relatively high storage levels this year reduced the volume of natural gas that is needed to be injected into storage to reach average working gas levels at the start of the heating season and put downward pressure on the price. Since April 1, injections of natural gas into storage have totaled 957 Bcf. Despite being 46% lower than injections last year, and 37% lower than the five-year average, storage inventories remain higher than both last year and the five-year average levels.



"And that just hit me like a sledgehammer. It had never before occurred to me that I could add to the sum of the world's knowledge."
-Stephen E. Ambrose, Ph. D.[1]

[1]Stephen Ambrose Interview - Academy of Achievement (Sep 22, 2010), retrieved September 16, 2016 from http://www.achievement.org/autodoc/page/amb0int-1