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Energy Market Report

Report Date: September 22, 2017

Report Week: September 13, 2017 to September 20, 2017

Questions?
Ph: 888-351-0981
info@legacyenergy.com
www.legacyenergy.com

News Tracker:

-Natural gas spot prices rose at most locations east of the Rockies for the period of Wednesday, September 13 to Wednesday, September 20 (the Report Week). The Henry Hub spot price rose from $2.99 per million British thermal units (MMBtu) to $3.14/MMBtu to open and close the Report Week, respectively.

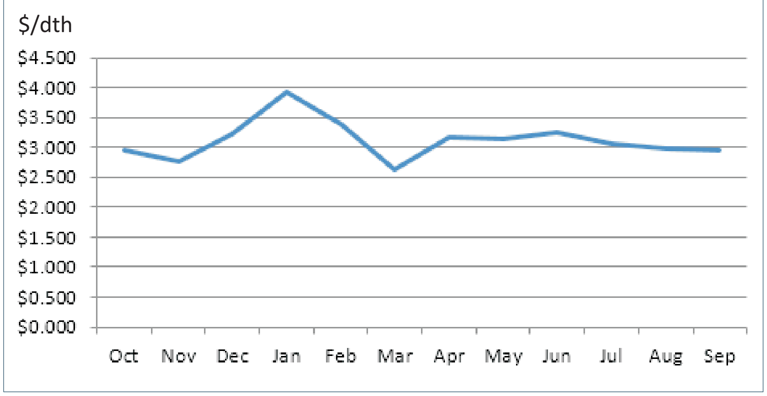
-At the New York Mercantile Exchange (Nymex), the October 2017 natural gas futures contract price rose 4¢ from $3.058/MMBtu last Wednesday to $3.094/MMBtu from open to close of the Report Week.

-Net natural gas injections into storage totaled 97 Bcf for the week ending September 15, compared with the five-year (201216) average net injection of 73 Bcf and last year's net injections of 54 Bcf during the same week. This week had the largest net injection since June 2, when net injections into working gas totaled 106 Bcf. Low power demand for natural gas resulting from mild temperatures and increased production likely contributed to increased injections. Net injections into storage exceeded the five-year average by 4 Bcf in the East region and by 2 Bcf in the Midwest region. By far, the largest gain versus the five-year average occurred in the South Central salt region, where net injections totaled 19 Bcf, topping the five-year average by 14 Bcf. Working gas stocks totaled 3,408 Bcf, which is 67 Bcf more than the five-year average and 136 Bcf less than last year at this time. So far during the 2017 refill season, net injections into storage have fallen 15% lower than the comparable five-year average188 Bcf during the 2017 refill season compared with the five-year average increase of 136 Bcf. However, the rate of net injections accelerated during the two most recent report weeks, topping the five-year average net injection for these two weeks by 52 Bcf. If net injections fall 15% lower than the five-year average going forward, then working gas stocks will reach 3,834 Bcf by the end of the refill season. However, working gas stocks will total 3,909 Bcf if net injections into working gas match the five-year average for the remainder of the refill season.

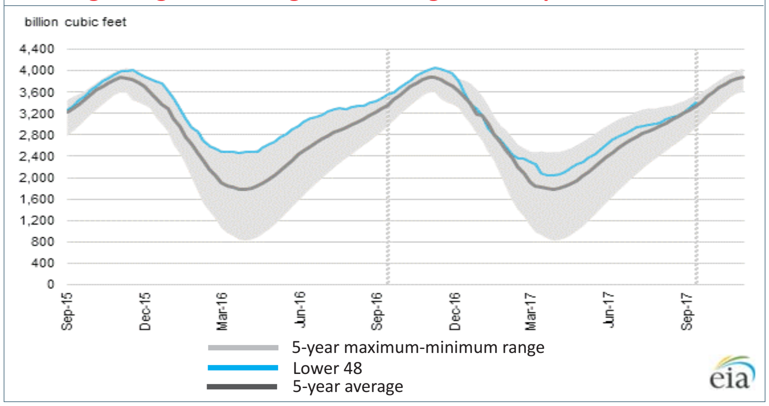
-According to Baker Hughes, for the week ending Friday, September 15, the natural gas rig count decreased by 1 to 186. The number of oil-directed rigs fell by 7 to 749. The total rig count decreased by 8, and it now stands at 936.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Aug2016 - Sep 2017:



Working nat. gas in underground storage as of September 15, 2017



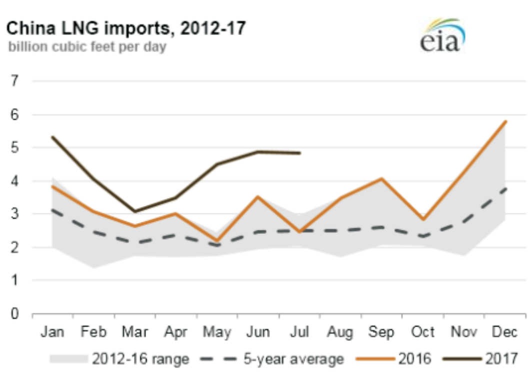
Forward 12-month NYMEX natural gas strip price - Oct17-Sep18:

Process Load-weighted $3.129/dth - w/o/w = ▲$0.023

Typical Heat Load-weighted $3.234/dth - w/o/w = ▲$0.025

China's LNG imports set new record in 2017:

Over the first seven months of 2017, China's imports of liquefied natural gas (LNG) averaged 4.3 billion cubic feet per day (Bcf/d), or 45% higher than during the same period in 2016. LNG imports into China have grown steadily over the last decade (excepting 2015), increasing by 33% between 2015 and 2016. LNG imports growth has been supported by both government policies to replace some coal and oil use with natural gas as well as lower natural gas import prices. In the first six months of 2017, Chinese natural gas consumption increased by 15% compared to 2016 levels, per China's National Development and Reform Commission. This growth was driven primarily by coal-to-gas switching in the power generation and industrial sectors, increased demand by gas-fired power plants, and increased consumption in the transportation sector. While domestic production in China accounted for 64% of natural gas supply in 2016, production growth lagged behind increases in LNG and pipeline imports. Between 2015 and 2016, domestic production grew by 3% (0.3 Bcf/d), while LNG imports increased by 33% (0.9 Bcf/d) and pipeline imports by 13% (0.4 Bcf/d). Strong growth in LNG imports reflected their cost-competitiveness compared to pipeline imports, particularly in China's coastal provinces, which account for the majority of natural gas consumption. During the first seven months of 2017, average landed pipeline import prices in China averaged about $5.30 per million British thermal units ($/MMBtu), about $1.86 lower than landed LNG import prices. Most of China's natural gas pipeline imports come from Central Asia and enter the country in the west, requiring cross-country long-haul transportation to markets in the eastern provinces. Transport of this natural gas adds about $3.50-$4.00/MMBtu to the import price. LNG regasification facilities are located closer to major Chinese consuming centers in eastern provinces and LNG regasification costs add approximately $1.00/MMBtu to the landed LNG import price of $7.10/MMBtu.



Excerpted from eia

"The two big advantages I had at birth were to have been born wise and to have been born in poverty." -Sophia Loren[1]

[1]https://www.brainyquote.com/authors/sophia_loren