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Energy Market Report

Report Date: October 26, 2018

Report Week: October 17, 2018 to October 24, 2018

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News Tracker:

-Natural gas spot prices rose at most locations for the Report Week of Wednesday, October 17 to Wednesday, October 24. Henry Hub spot prices rose from $3.31 per million British thermal units (MMBtu) to $3.36/MMBtu during the course of the Report Week.

-At the New York Mercantile Exchange (Nymex), the November 2018 natural gas futures contract price fell 15¢ from $3.320/MMBtu to $3.166/MMBtu from open to close of the Report Week.

-Net natural gas injections into storage totaled 58 Bcf for the week ending October 19, compared with the five-year (201317) average net injections of 77 Bcf and last year's net injections of 63 Bcf during the same week. Working gas stocks totaled 3,095 Bcf, which is 624 Bcf (17%) lower than the five-year average and 606 Bcf (16%) lower than last year at this time. The average rate of net injections into storage is 14% lower than the five-year average so far in this refill season (April through October). If the rate of injections into storage matched the five-year average of 8 Bcf/day for the remainder of the refill season, total inventories will be 3,191 Bcf on October 31, which is 624 Bcf lower than the five-year average of 3,815 Bcf for that time of year. In the Lower 48 states, total working gas stocks are currently 323 Bcf lower than the five-year minimum, and every storage region is currently lower than the bottom of the five-year range. Temperatures in the Lower 48 states averaged 54 °F, 3°F lower than normal and 7°F lower than last year at this time.

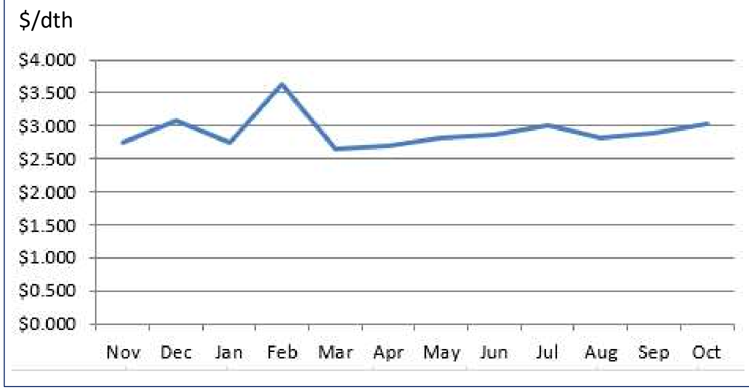
-Total U.S. consumption of natural gas rose by 1% compared with the previous report week, according to data from PointLogic Energy. In the residential and commercial sectors, consumption increased by 10% as the country continues to shift from space cooling to space heating. Natural gas consumed for power generation declined by 6% week over week. Industrial sector consumption increased by 2% week over week. Natural gas exports to Mexico increased 6% this report week.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 61¢/MMBtu, averaging $8.61/MMBtu for the week ending October 24.

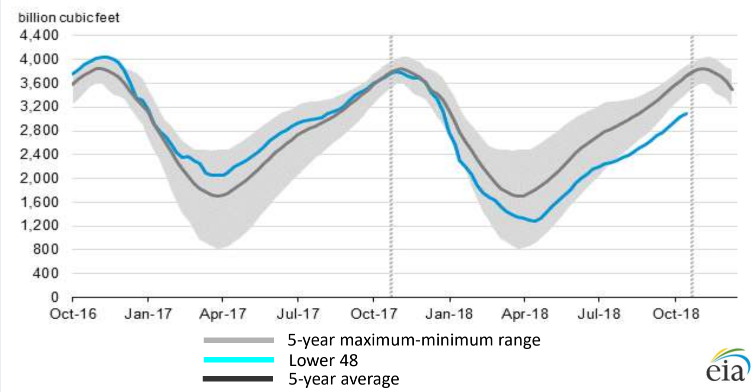
-According to Baker Hughes, for the week ending Tuesday, October 16, the natural gas rig count increased by 1 to 194. The number of oil-directed rigs rose by 4 to 873. The total rig count increased by 4, and it now stands at 1,067.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Nov 2017 - Oct 2018:



Working natural gas in underground storage as of Oct. 25, 2018



Forward 12-month NYMEX natural gas strip price - Nov18-Oct19:

Process Load-weighted $2.904/dth - w/o/w = ▼$0.088

Typical Heat Load-weighted $3.044/dth - w/o/w = ▼$0.121

Natural gas pipeline rupture in Canada affects US energy markets:

The October 9, 2018 rupture of Enbridge's BC natural gas pipeline near Prince George, British Columbia, continues to affect natural gas supply, electricity generation, and petroleum refining in the U.S. Pacific Northwest. The BC Pipeline links natural gas production in northeastern British Columbia with distribution markets in Canada as well as Washington, Oregon, and Idaho. Imports of natural gas through the pipeline, which in the first half of the year averaged 1.1 billion cubic feet per day (Bcf/d) at the Sumas hub import point, fell to zero for a day after the rupture. The rupture occurred on the 36-inch diameter mainline, one of two pipelines that make up the BC Pipeline system. Both pipelines were shut down and depressurized following the rupture. On October 10, Enbridge restarted the second, smaller 30-inch diameter pipeline, which is now operating at 80% capacity. Operators were also able to transport natural gas from production areas in eastern British Columbia and Alberta to replace some of the disrupted supply. As of the morning of October 15, Enbridge had started constructing a temporary access road to the site of the rupture, but it has announced no timeline on when it will complete the repair work. The pipeline rupture forced some refineries in Washington to cut production, as the pipeline carries natural gas used to operate refining units. Royal Dutch Shell and Phillips 66 both shut down refineries in the region, resulting in an increase in wholesale gasoline prices in the Pacific Northwest. Retail gasoline prices in the area were already rising because of recent increases in crude oil prices. On October 15, the Monday following the pipeline rupture, the retail price of gasoline in Seattle rose 9 cents per gallon from the previous week's value, the largest weekly increase since mid-2015. Also on that day, Seattle's regular retail gasoline price was $3.48 per gallon, or about 60 cents per gallon more than the U.S. average. Hydroelectricity is the primary source of electricity in Washington, Oregon, and Idaho, but in each state natural gas is the second-highest source of electricity. In the days following the pipeline rupture, regional utilities, such as Puget Sound Energy, asked customers to limit natural gas and electricity use. Natural gas storage withdrawals may offer an alternate source of natural gas until flows are fully restored on the BC Pipeline. The U. S. has two underground natural gas storage fields in the Pacific Northwest with a combined working gas capacity of about 41 Bcf. However, overall natural gas stocks in the Pacific region totaled 262 Bcf as of October 5, or 23% lower than the previous five-year average value for that time of year.

Excerpted from eia

"When I was a kid my parents moved a lot, but I always found them." -Rodney Dangerfield[1]

[1]https://www.brainyquote.com/quotes/rodney_dangerfield_154014