

News Tracker:

-Natural gas prices showed little overall change at most market locations during the Report Week (Wednesday, October 7, to Wednesday, October 14). The Henry Hub spot price fell slightly from \$2.46/MMBtu to start the Report Week to \$2.44/MMBtu to close the Report Week.

-At the New York Mercantile Exchange, the price of the near-month (November 2015) futures contract rose from \$2.474/MMBtu to \$2.518/MMBtu to start and finish the Report Week.

- Week-over-week natural gas consumption rose by 1.1%. Residential/commercial and industrial consumption fell by 6.5% and 0.8%, respectively, while consumption of natural gas for power generation (power burn) rose 7.5%. Although seasonal demand is relatively low in early fall, power burn has been very high this year; in October, power burn averaged 25.2 Bcf/d, which is 25% more than the average of the previous five years. Several factors have contributed to the rise in power burn, including lower natural gas prices and coal retirements.

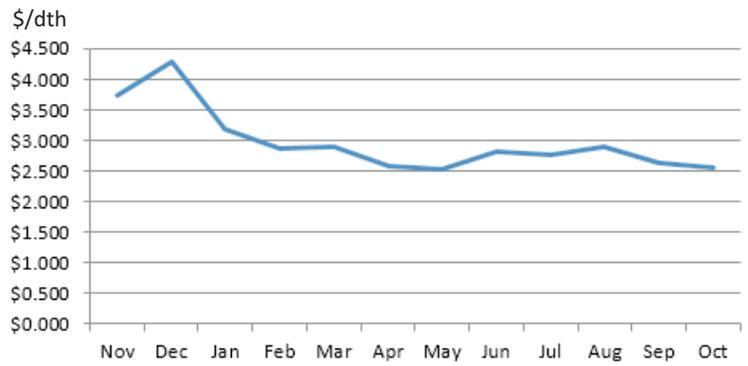
-Working natural gas in storage increased by 100 billion cubic feet (Bcf), rising to 3,733 Bcf as of Friday, October 9. The net injection into storage resulted in storage levels 14% above a year ago and 5% above the five-year average for this week. Market expectations, on average, called for a build of 92 Bcf for this week. Temperatures in the Lower 48 states averaged 61° for the storage report week, equal to the 30-year normal temperature and 1° cooler than the average temperature during the same week last year.

-The total rig count declined by 14 units to 795 as of Friday, October 9, according to data from Baker Hughes Incorporated. This is 1,135 units below the level at the same time last year. Oil rigs declined by 9 units to 605 (1,004 below last year's level), and natural gas rigs fell by 6 to 189 (131 below last year's level).

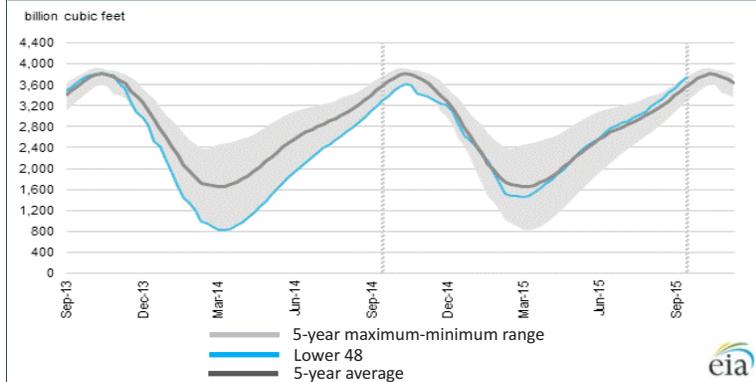
-The natural gas plant liquids composite price at Mont Belvieu increased by 5.6% to \$5.34/MMBtu for the week ending October 9. Propane, isobutane, butane, and natural gasoline prices increased by 4.1%, 5.9%, 6.5%, and 11.5%, respectively, while ethane prices decreased by 0.2%. Propane is used to dry crops, and the USDA projects that this fall's corn harvest will be slightly larger than last year's record harvest. Propane inventories are currently at high levels in the Midwest.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price Nov 2014 - Oct 2015:



Working nat. gas in underground storage as of October 9, 2015:

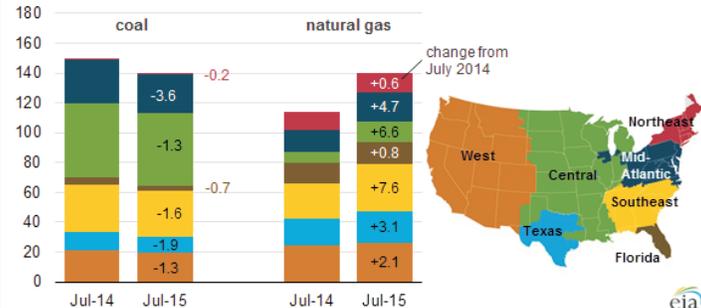


Forward 12-month NYMEX natural gas strip price - Nov15-Oct16:

Process Load-weighted \$2.751/dth (w/w -\$0.017)
Typical Heat Load-weighted \$2.782/dth (w/w +\$0.001)

Nationwide, electricity generation from coal falls while natural gas rises:

U.S. net electricity generation from coal and natural gas by region, July 2014 and July 2015 billion kilowatthours



The monthly natural gas share of total U.S. electricity generation surpassed the coal share in July for the second time ever, with natural gas fueling 35.0% of total generation to coal's 34.9% share. Compared to the previous July, coal-fired generation fell in every region of the country, while natural gas-fired generation rose in every region. Earlier this year, natural gas-fired generation surpassed generation from coal for the first time. This switch occurred in April, generally the month with the lowest demand for electricity. In times of low electricity demand, many generators schedule routine maintenance, and utilization rates for generating plants are low. As demand increases during the summer, output from both coal- and natural gas-fired generators increases. Total electricity demand, excluding demand met by distributed (largely renewable) sources, increased from 384 billion kilowatthours (kWh) in July 2014 to 398 billion kWh in July 2015. Coal-fired generation fell from 150 billion kWh to 139 billion kWh, while natural gas-fired generation rose from 114 billion kWh to 140 billion kWh. This decrease in coal and increase in natural gas occurred in every region of the country: the Mid-Atlantic region had the largest decline in coal-fired generation, followed by Texas, while the Southeast and Central regions had the largest increases in natural gas-fired generation. Electricity generation dispatch decisions, especially between coal and natural gas, are complex. The ultimate level of generation reflects delivered costs, emission costs (where applicable), heat rates, supply availability, and other factors in fuel markets.

"I am not afraid of an army of lions led by a sheep; I am afraid of an army of sheep led by a lion." -Alexander the Great