



News Tracker:


-Natural gas spot prices outside of the Northeast decreased at most locations this Report Week (Wednesday, April 20, to Wednesday, April 27). The Henry Hub spot price fell from \$2.02/MMBtu to open the Report Week to \$1.88/MMBtu to close the Report Week.

-At the New York Mercantile Exchange (Nymex), the May 2016 natural gas futures contract price also fell over the report week, from \$2.069/MMBtu on Wednesday, April 20 to \$1.995/MMBtu to close the Report Week on Wednesday, April 27, when the contract month closed. The near-month Nymex price is now for June delivery.

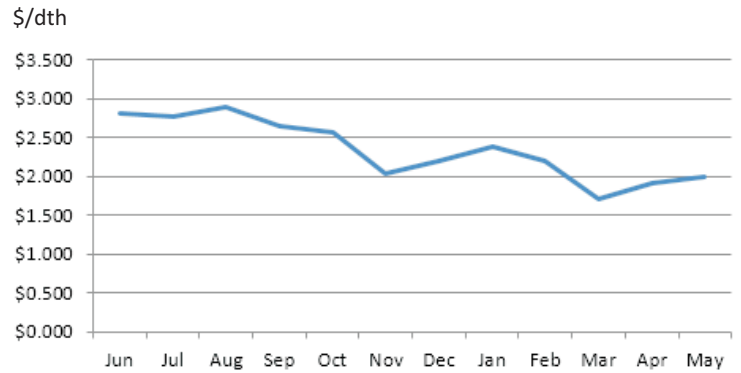
- Working natural gas in the Lower 48 states posted its first back-to-back reported net injection of the young refill season, which began on April 1. Net injections into storage totaled 73 Bcf during the storage report week, compared with the five-year (2011-15) average of 52 Bcf and last year's net injection of 84 Bcf during the same week. As a result, the surplus in storage compared with the five-year average rose from the previous week to 832 Bcf, and the surplus compared with year-ago levels decreased to 870 Bcf. Cumulative net injections of working gas during the 2016 refill season total 77 Bcf, compared with the five-year average of 119 Bcf. Temperatures in the Lower 48 states averaged 54°F during the storage report week, 10% above normal and 3% above last year at this time.

-According to Baker Hughes data, for the week ending April 22, the natural gas rig count fell by 1 to 88, and oil-directed rigs fell by 8 to 343. The total rig count fell by 9, and now stands at 431.

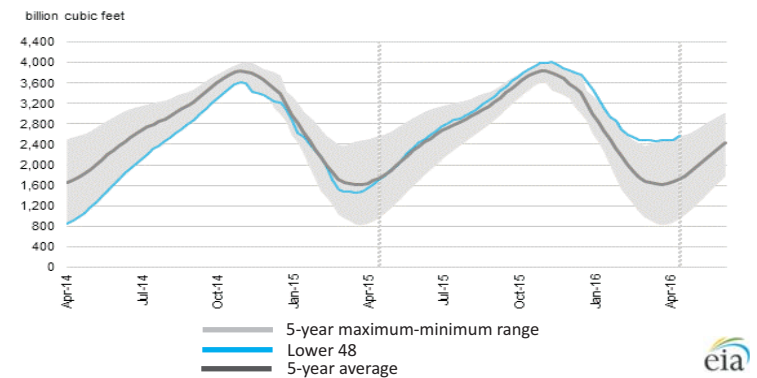
-The natural gas plant liquids (NGPL) composite price at Mont Belvieu, Texas, rose by 1.3% to \$4.75/MMBtu for the week ending Friday, April 22. The increase of the NGPL composite price was driven by an 8.1% jump in the ethane price. Propane, butane, and isobutane all increased, rising by 0.1%, 0.8%, and 0.5%, respectively. Natural gasoline fell by 1.8%.

- Overall consumption this week fell by 1.7% as temperatures in the West continue to moderate, offsetting cold weather in the Northeast and Midwest. Residential and commercial consumption fell by 4.7%, along with industrial consumption, which fell by 1.2%, and exports to Mexico, which fell by 1.0%. Consumption of natural gas for electric power generation rose by 0.9%, as daily temperatures in the some parts of the Gulf Coast and Southeast Neared 80°, driving up cooling demand in those regions. Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Jun 2015 - May 2016:



Working nat. gas in underground storage as of April 22, 2016



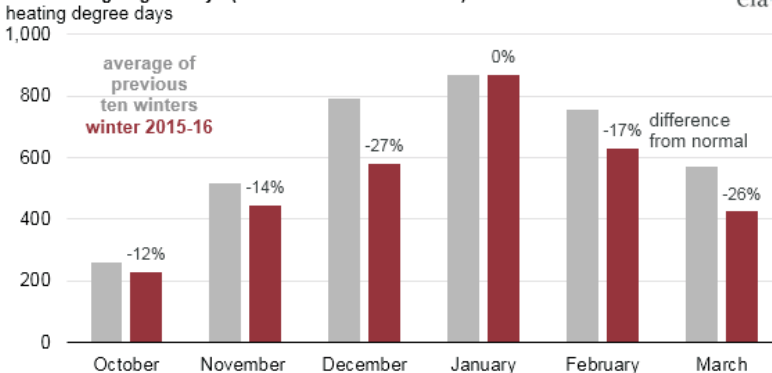
Forward 12-month NYMEX natural gas strip price - Jun16-May17:

Process Load-weighted \$2.728/dth (w/w = +\$0.091)
 Typical Heat Load-weighted \$2.927/dth (w/w = +\$0.117)

Strong El Nino helps reduce US winter heating demand and fuel prices:

Above-normal temperatures during the 2015-16 winter were a key factor in lowering US heating demand and winter fuel expenditures. Compared with the 2014-15 winter, propane and heating oil demand decreased by 16% and 45%, respectively, and residential electricity demand decreased by 6%. The 2015-16 winter season (October through March) was 15% warmer than last winter, driven in part by one of the strongest El Niño events in decades. El Niño is a large-scale warming event that affects temperature and precipitation patterns in the Pacific Ocean. It occurs every three to five years, and it is caused by warmer-than-normal ocean temperatures in the east-central equatorial Pacific. El Niño events typically last 9 to 12 months. The 2015-16 El Niño was one of the three strongest on record, and contributed to the warm winter weather experienced in the United States. In addition to record-high winter temperatures reducing the demand for space heating, abundant natural gas supplies and low crude oil prices were major factors in lowering heating fuel prices. Warm winter temperatures reduced the overall number of US heating degree days (HDD), a temperature-based measurement reflecting the heating needs of buildings in a location. At the national level, the number of heating degree days was 18% lower than the previous winter season and 12% lower than the National Oceanic and Atmospheric Administration's forecast in September 2015.

U.S. heating degree days (October 2015-March 2016)



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, April 2016

"John Glenn was in the class and we became friends immediately, and I hadn't flown jets yet. And I said, "Listen John, I'll make you a deal. You don't know how to do algebra too well. I can help you with that but you're going to have to teach me to fly jets."
 And he said, "It's a deal." -James Stockdale¹

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¹ "James Stockdale Interview - Academy of Achievement," 2008