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Energy Market Report

Report Date: May 13, 2016

Report Week: May 4, 2016 to May 11 2016

Questions?
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News Tracker:

U.S. LNG exports begin commercial operations. Since its first export on February 25, Sabine Pass Train 1 was authorized to export LNG in a commissioning stage, allowing it to test its systems for full-time commercial work. On May 3, the Federal Energy Regulatory Commission (FERC) authorized commercial operations for Train 1. There were seven cargoes totaling 24.7 Bcf of LNG shipped from Sabine Train 1 while in commissioning stage. Commissioning of the Sabine Pass Train 2 has also begun, as announced last week by the terminal's operator, Cheniere. Total natural gas pipeline deliveries to the facility averaged 0.44 Bcf/d February 18 May 11, since the commissioning of the terminal began. From May 4 to May 11, natural gas deliveries to the terminal averaged 0.39 Bcf/d, while one cargo carrying 3.8 Bcf was shipped from Train 1.

-Natural gas spot prices fell at most locations this Report Week (Wednesday, May 4 to Wednesday, May 11), with a few scattered price increases. The Henry Hub spot price posted a 2¢ increase from $1.99/MMBtu on May 4 to $2.01/MMBtu on May 11.

-At the New York Mercantile Exchange (Nymex), the June 2016 natural gas futures contract price also rose slightly from $2.141/MMBtu at the start of the Report Week to $2.173/MMBtu to close the Report Week.

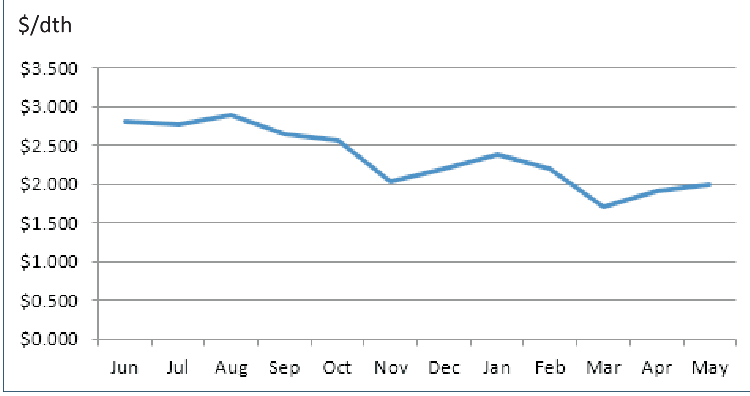
-Net injections to working gas totaled 56 billion cubic feet (Bcf) for the week ending May 6. Working gas stocks are 2,681 Bcf, which is 44% above the year-ago level and 44% above the five-year (2011-15) average for this week. Cumulative net injections into working gas total 201 Bcf in the 2016 refill season, compared with the five-year average (2011-15) of 262 Bcf and last year's 393 Bcf during the same period. Despite the slow start to the refill season, working gas stocks remain near record-highs for this time of year.

-According to Baker Hughes data, for the week ending May 6, the natural gas rig count fell by 1 to 86, and oil-directed rigs fell by 4 to 328. The total rig count fell by 5, and now stands at 415.

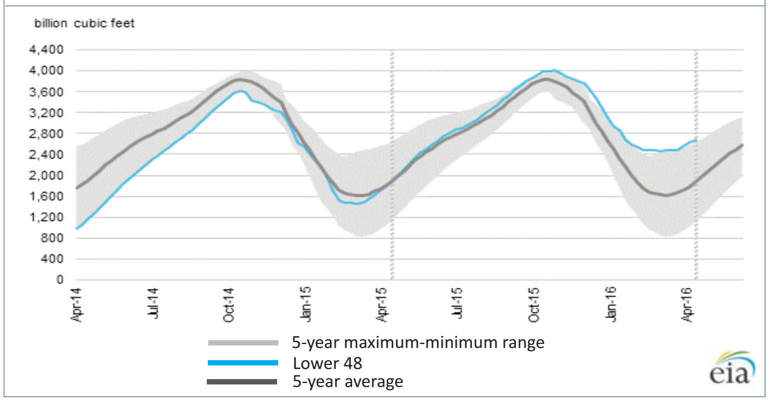
-The natural gas plant liquids (NGPL) composite price at Mont Belvieu, Texas, fell by 0.6% to $4.97/MMBtu for the week ending Friday, May 6. The prices of ethane and natural gasoline declined by 4.3% and 5.3%, respectively. Butane, propane, and isobutane rose by 1.7%, 2.3%, and 2.4%, respectively.

Excerpted from eia

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



Working nat. gas in underground storage as of May 6, 2016



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

Process Load-weighted $2.691/dth (w/w = -$0.017)

Typical Heat Load-weighted $2.876/dth (w/w = -$0.022)

Crude oil volatility decreases as prices rise from early 2016 levels:

During the first three months of 2016, crude oil prices were relatively more volatile than in recent history. This elevated volatility occurred when overall oil prices were low, and volatility was driven by high uncertainty related to supply, demand, and inventories. Crude oil price volatility has declined since its peak in March. Prices have risen as concerns about future economic growth have abated and as inventory growth has slowed since the start of the year. The 30-day measure of oil price volatility (calculated as the standard deviation of daily percent changes in crude oil prices over the previous 30 trading days) reached a high of 45% on March 4 before falling to 33% on April 18. Volatility levels in March were the highest since early 2009, when crude oil prices were falling in response to the financial crisis and to a drop in demand for petroleum products. The recent decline in oil prices resulted in volatility levels closer to the 2015 average of 27%. Some reasons for volatility in crude oil prices include uncertainty about: future production levels in key oil-producing nations, global economic growth, particularly in China and other emerging market economies, growth in U.S. gasoline demand following higher consumption levels in 2015, and crude oil inventories and storage capacity constraints. Monthly trading ranges, or the difference between the high and low closing oil prices in a given month, are another way of measuring volatility. In January 2016, Brent crude oil spot prices closed at a low of $26 per barrel (b) and a high of $36/b, and this $10/b trading range was higher than the range of any month in 2015. The magnitude of the trading range compared with the average monthly price was 33% in January, the highest since 2008.

"So, I learn from my mistakes. It's a painful way to learn, but without pain, the old saying is, there's no gain. I found that to be true in my life." -Johnny Cash[1]

[1] Johnny Cash Interview - Academy of Achievement (August 21, 2015) Retrieved May 13, 2016, from http://www.achievement.org/autodoc/page/cas0int-1