

# Energy Market Report

Report Date: July 14, 2017

Report Week: July 5, 2017 to July 12, 2017

Questions?

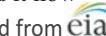
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## News Tracker:

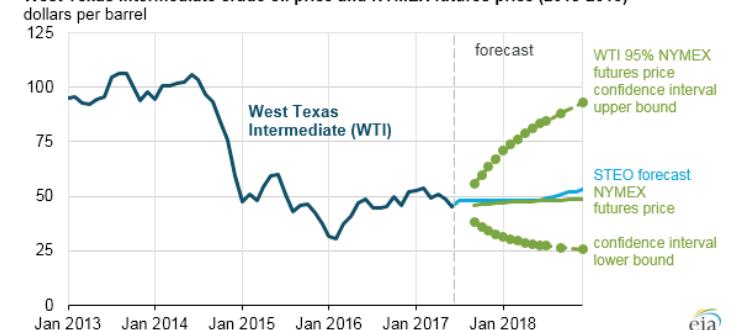
- Natural gas spot prices rose at most locations for the period of Wednesday, July 5 to Wednesday, July 12 (the Report Week). The Henry Hub spot price rose from \$2.90 per million British thermal units (MMBtu) to \$2.98/MMBtu from start to end of the Report Week.
- At the New York Mercantile Exchange (Nymex), the August 2017 natural gas futures contract price rose 15¢ from \$2.840/MMBtu to \$2.985/MMBtu from start to end of the Report Week.
- Net injections into storage totaled 57 Bcf for the week ending July 7, compared with the five-year (2012-16) average net injection of 72 Bcf and last year's net injections of 61 Bcf during the same week. Working natural gas stocks are 2,945 Bcf, which is 9% less than the year-ago level and 6% more than the five-year (2012-16) average for this week. Net injections fell below the five-year average for the eighth time in the last 10 weeks. The smaller-than-average net injections this week likely resulted from the warmer-than-normal temperatures that prevailed throughout most of the Lower 48 states, which resulted in increased cooling demand for natural gas. Net injections into working gas totaled 894 Bcf since March 31, 2017—the traditional beginning of the refill season—compared with the five-year average of 987 Bcf. Smaller-than-average net injections during the 2017 injection season combined with high electric sector demand as a result of warmer-than-normal spring temperatures on average and relatively high levels of natural gas exports likely reflect that storage levels are already above historical norms.
- The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 5¢, averaging \$5.85/MMBtu for the week ending July 12. The price of natural gasoline fell by 2%. The price of ethane, propane, and butane rose by 1%, 2%, and 1%, respectively, while the price of isobutane remained flat week over week.
- According to Baker Hughes, for the week ending Friday, July 7, the natural gas rig count increased by 5 to 189. The number of oil-directed rigs rose by 7 to 763. The total rig count increased by 12, and it now stands at 952.

 Excerpted from 

## Brent and WTI crude oil prices expected to average about \$50 per barrel through 2018:

The US Energy Information Administration (EIA) now forecasts Brent crude oil spot prices to average \$51 per barrel (b) in 2017 and \$52/b in 2018. West Texas Intermediate (WTI) crude oil prices are expected to be \$2/b lower than Brent prices in 2017 and 2018. Daily and monthly average prices could vary significantly from this forecast because global economic developments and geopolitical events in the coming months have the potential to push oil prices higher or lower than the current Short-Term Energy Outlook (STEO) price forecast. For example, EIA's forecast for the average WTI price in October 2017 is \$48/b, while the options markets indicate an expected range of WTI prices from \$36/b to \$60/b (at the 95% confidence interval) based on the recent prices of futures and options contracts for October 2017 delivery. U.S. crude oil production patterns in the Lower 48 onshore basins continue to vary by region, and quickly evolving trends in this sector can affect both current prices and expectations for future prices. However, lasting price movements could be limited over the next year because some U.S. tight oil producers have used financial instruments to guarantee a price above \$50/b for their expected production. Crude oil prices reached their lowest year-to-date levels in late June. Prices fell after EIA reported builds in total U.S. crude oil and petroleum products inventories that were above the five-year average during the weeks ending June 2 and June 9. The build in total U.S. petroleum inventories for the week ending June 2 was the largest for any week since 2008. Rising Libyan and Nigerian production in June also put downward pressure on prices.

West Texas Intermediate crude oil price and NYMEX futures price (2013-2018)


 Excerpted from 

"If I wasn't Bob Dylan, I'd probably think that Bob Dylan has a lot of answers myself." -Bob Dylan<sup>1</sup>