LEGACY ENERGY

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Energy Market Report

Report Date: July 17, 2015

Report Week: July 8 to July 15, 2015

Questions?
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News Tracker:

-Natural gas prices increased at most market locations through the report week (Wednesday, July 8, through Wednesday, July 15). The Henry Hub spot price began the week at $2.71/MMBtu and ended the report week up, closing at $2.92/MMBtu.

-The NYMEX August natural gas futures contract began the week at $2.685/MMBtu and increased by 23¢ to end the report week at $2.918/MMBtu.

-Working natural gas in storage increased to 2,767 Bcf as of Friday, July 10. A net injection into storage of 99 Bcf for the week resulted in storage levels 31% above a year ago and 3% above the five-year average for this week. Market expectations, on average, called for a build of 95 Bcf. Temperatures in the Lower 48 states averaged 74° Fahrenheit for the storage report week, 1° cooler than the 30-year normal temperature and 1° cooler than the average temperature during the same week last year

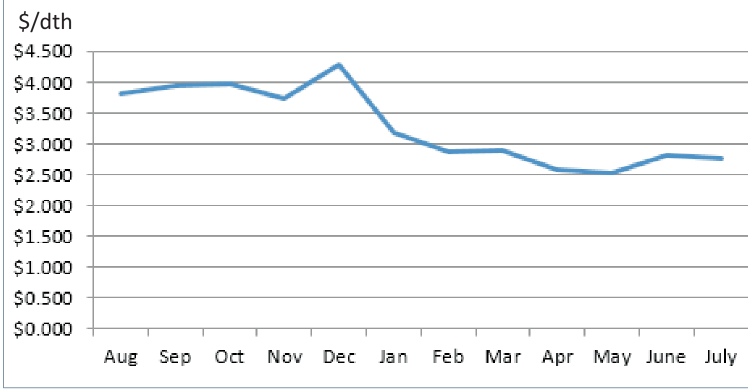
-The total oil and natural gas rig count increased by 1 unit to 863 for the week ending Friday, July 10, according to data from Baker Hughes Incorporated. The oil rig count increased by 5 units, totaling 645, while the natural gas rig count decreased by 2 to 217. Miscellaneous rigs also decreased by 2 units down to 1. Though this is the third consecutive week that the total rig count increased, rig activity was mixed, with the Permian Basin in West Texas adding the most oil rigs, 7, while other plays, such as Eagle Ford in South Texas and Marcellus in the Northeast, had rig counts that were down.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, decreased by 24¢ to $4.51/MMBtu for the week ending July 10, a 5.1% drop. While the price for propane was up for the week by 1.6% (6¢), prices for natural gasoline, ethane, butane, and isobutane decreased by 8.5% (92¢), 8.4% (22¢), 6.4% (35¢), and 6.7% (40¢), respectively, from the previous week.

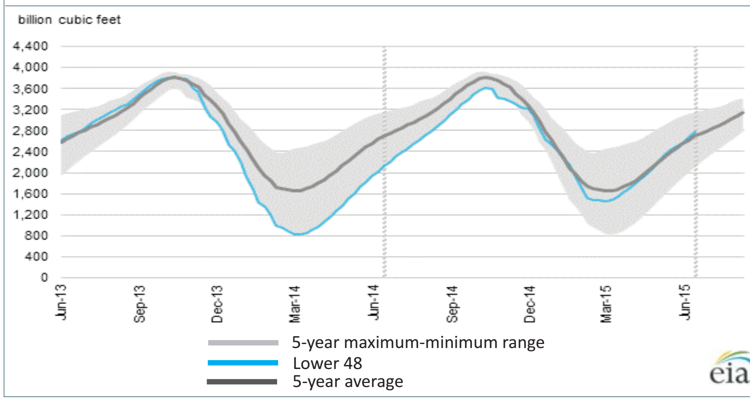
- U.S. natural gas consumption was up by 6.4% this week, led by increased consumption in the power sector, which increased 12.3%.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price Aug 2014 - Jul 2015:



Working nat. gas in underground storage as of July 10, 2015:

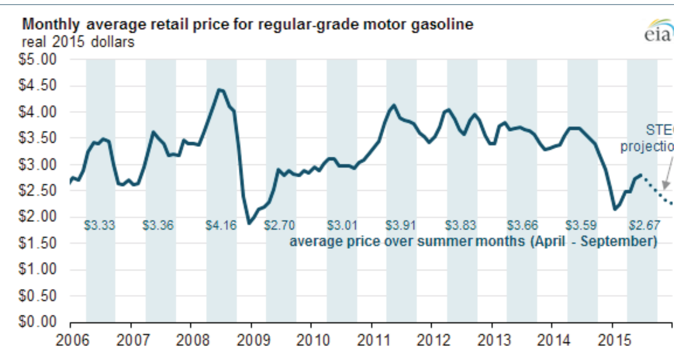


Forward 12-month NYMEX natural gas strip price - Aug15-Jul16:

Process Load-weighted $3.054/dth (w/w +$0.054)

Heat Load-weighted $3.126/dth (w/w +$0.029)

US summer gasoline prices are lowest in years:



The average retail price for motor gasoline this summer (April through September) is expected to be $2.67 per gallon, the lowest price (in real dollars, meaning adjusted for inflation) since 2009, based on projections by the US Energy Information Administration (EIA). This decline is mainly the result of the projected 41% year-over-year decline in the average price of North Sea Brent crude oil. Travel and gasoline consumption are expected to be higher this summer compared to levels in 2014. Motor gasoline consumption is expected to increase by 194,000 barrels per day (b/d), up 2.1% from last summer, reflecting higher real disposable income, substantially lower retail motor gasoline prices, and higher employment and consumer confidence. Driving this summer (as measured by vehicle miles traveled) is expected to be 2.2% higher than last summer, the largest year-over-year summer increase in 11 years. The increase in highway travel is not just a response to the drop in gasoline prices. Real disposable income is projected to be 3.6% higher than last summer, the largest year-over-year increase in nine years. Nonfarm employment is projected to rise 2.1%, the largest such increase since 2000. EIA uses product supplied, which reflects refinery and blender output, inventory change, and net imports, as a proxy for consumption. Growth in net refinery and blender output of motor gasoline is projected to slightly exceed that of consumption, increasing by 208,000 b/d. Primary inventories of finished motor gasoline and gasoline blending components began the summer season 10.7 million barrels above the previous five-year average, and are expected to end the season 3.7 million barrels above the previous five-year average. The projected 14.3 million barrel draw on gasoline inventories this summer compares with an 8.4 million barrel draw last summer. The increase in production and larger inventory draw contribute to an expected 62,000 b/d decline relative to last summer in the net imports of motor gasoline and blending components.

"The great majority of mankind are satisfied with appearances as though they were realities and are often more influenced by things that seem, than by those that are." -Niccolo Machiavelli