

News Tracker:

-Natural gas spot prices rose at most locations for the Report Week of Wednesday, July 25 to Wednesday, August 1. Henry Hub spot prices rose from \$2.77 per million British thermal units (MMBtu) to \$2.80/MMBtu from start to finish of the Report Week.


-At the New York Mercantile Exchange (Nymex), the August 2018 natural gas futures contract expired Friday, July 26 at \$2.822/MMBtu. The September 2018 contract price remained unchanged for the Report Week at \$2.758/MMBtu.

-Net natural gas injections are lower than the five-year average for the fifth week in a row. Net injections into storage totaled 35 Bcf for the week ending July 27, compared with the five-year (2013-17) average net injections of 43 Bcf and last year's net injections of 18 Bcf during the same week. Working gas stocks totaled 2,308 Bcf, which is 565 Bcf (20%) lower than the five-year average and 688 Bcf (23%) lower than last year at this time. Net injections into storage are 19% lower than the five-year average rate so far in the 2018 refill season. If working gas stocks match the five-year average rate of injections of 9.6 Bcf/d for the remainder of the refill season, inventories will total 3,250 Bcf on Oct. 31, 310 Bcf lower than the five-year low of 3,560 Bcf.

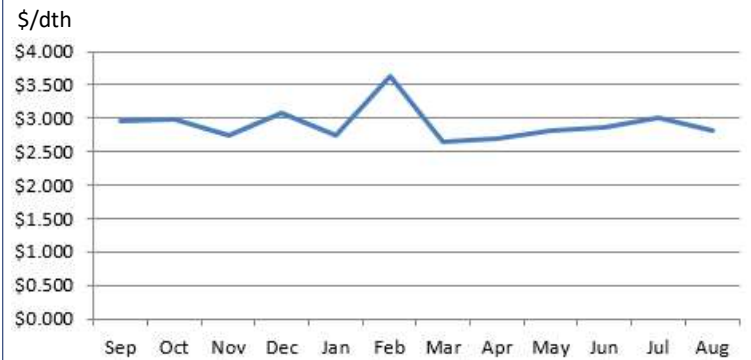
-Total U.S. consumption of natural gas fell by 1% compared with the previous report week, according to data from PointLogic Energy. Natural gas consumed for power generation declined by 4% week over week as temperatures moderated somewhat in the Southwest. Industrial sector consumption stayed constant, averaging 19.9 Bcf/d. In the residential and commercial sectors, consumption increased by 8% but remains a minor source of consumption during the summer months. Natural gas exports to Mexico increased 2%.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 38¢, averaging \$9.04/MMBtu for the week ending August 1. The prices of propane and butane both rose by 6%, and the prices of natural gasoline, ethane, and isobutane rose by 3%, 1%, and 5%, respectively.

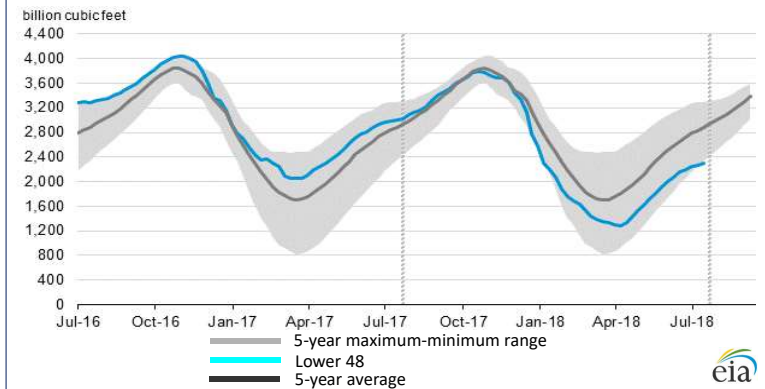
-According to Baker Hughes, for the week ending Tuesday, July 24, the natural gas rig count decreased by 1 to 186. The number of oil-directed rigs rose by 3 to 861. The total rig count increased by 2, and it now stands at 1,048.

 Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Sep 2017 - Aug 2018:



Working natural gas in underground storage as of July 27, 2018

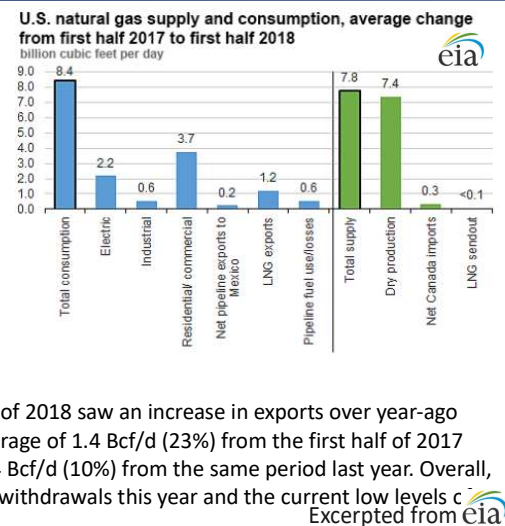


Forward 12-month NYMEX natural gas strip price - Sep18-Aug19:

Process Load-weighted \$2.756/dth - w/o/w = ▼\$0.018
 Typical Heat Load-weighted \$2.842/dth - w/o/w = ▼\$0.018

Natural gas supply and consumption grow significantly from the first half of 2017 to the first half of 2018:

Natural gas supply and consumption have grown significantly from the first half of 2017 through the first half of 2018. According to data from PointLogic Energy, total natural gas consumption in the Lower 48 states averaged 87.4 billion cubic feet per day (Bcf/d) during the first half of 2018, which is 8.4 Bcf/d (11%) greater than during the first half of 2017. The total supply of natural gas averaged 84.8 Bcf/d during the first half of 2018, a 7.8 Bcf/d (10%) year-on-year change. Natural gas consumption in the first half of 2018 grew in all sectors compared with the year-ago levels. The largest growth occurred in residential and commercial consumption, which rose by 3.7 Bcf/d (17%) compared to the first half of 2017. Residential and commercial consumption is primarily related to heating needs, and the beginning of 2018 experienced record, prolonged cold temperatures across much of the Lower 48 states. The volume of natural gas used for electricity generation (power burn) during the first half of the year increased by 2.2 Bcf/d (9%) from 2017 to 2018. Power burn is also related to temperature, as hot weather increases electricity consumption for air conditioning. However, 2018's higher power burn was not a result of hotter temperatures; the number of population-weighted cooling degree days (CDD) in the first half of 2018 was similar to the first half of 2017. Instead, the increased power burn may have resulted from the increased buildout of natural gas-fired power plants, continued coal-to-gas switching, and the use of electric heating during the cold weather. The first half of 2018 saw an increase in exports over year-ago levels. Liquefied natural gas (LNG) exports and net pipeline exports to Mexico collectively increased by an average of 1.4 Bcf/d (23%) from the first half of 2017 through the first half of 2018. The increase in natural gas supply was driven by dry production, which rose 7.4 Bcf/d (10%) from the same period last year. Overall, consumption increased 0.7 Bcf/d more than supply. This market tightening was reflected in the large storage withdrawals this year and the current low levels of natural gas in storage relative to the five-year average.



"A true friend is one who overlooks your failures and tolerates your success!" -Doug Larson¹