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Energy Market Report

Report Date: September 15, 2017
Report Week: September 6, 2017 to September 13, 2017

Questions?
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News Tracker:

-Natural gas spot prices rose at most locations from Wednesday, September 6 to Wednesday, September 13 (the Report Week). The Henry Hub spot price rose from $2.93 per million British thermal units (MMBtu) to $2.99/MMBtu from open to close of the Report Week.

-At the New York Mercantile Exchange (Nymex), the October 2017 natural gas futures contract price rose 6¢ during the Report Week, rising from $3.000/MMBtu to $3.058/MMBtu.

-Working natural gas stocks posted their largest weekly increase since June 2017. Net injections into storage totaled 91 Bcf, compared with the five-year (201216) average net injection of 63 Bcf and last year's net injections of 58 Bcf during the same week. This is the largest net injection since June 2 when net injections into working gas totaled 106 Bcf. Mild temperatures and increased production likely contributed to increased injections activity. Working gas stocks total 3,311 Bcf, which is 43 Bcf more than the five-year average and 179 Bcf less than last year at this time.

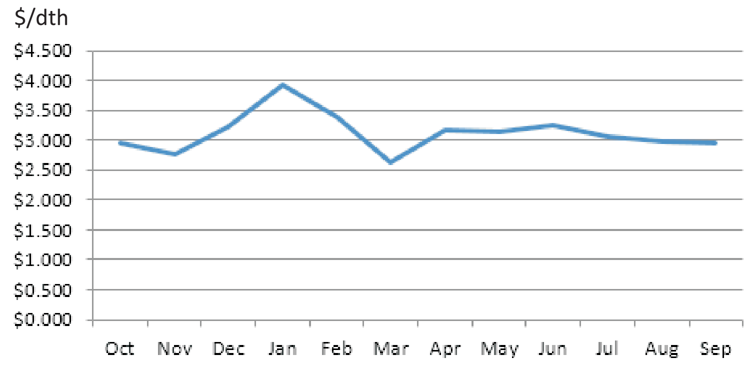
- Hurricane Irma made landfall in Florida on September 10, causing about 60% of the state to lose power. Power outages have affected customers in FL, GA, SC, NC, Puerto Rico, and the U.S. Virgin Islands. The number of outages peaked on Monday, September 11 when nearly 6.5 million electricity customers in Florida and Puerto Rico were without power. With 66% of Florida's electricity generation coming from natural gas, electric generators in the state generally consume about 3 Bcf/d. Demand destruction from Irma doesn't seem to have had a large price effect.

- Total U.S. consumption of natural gas fell by 7% compared with the previous Report Week, according to data from PointLogic Energy. Natural gas consumed for power generation declined by 14% week over week, driven by cool weather and demand destruction from Hurricane Irma. Industrial sector consumption decreased by 1% week over week. In the residential and commercial sectors, consumption increased by 10%, as temperatures averaged in the 50° F range in parts of the Northeast and Midwest. Natural gas exports to Mexico decreased 3%.

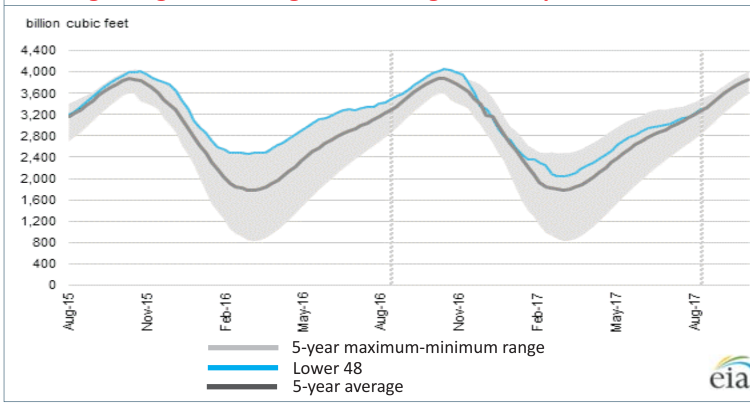
-According to Baker Hughes, for the week ending Friday, September 8, the natural gas rig count increased by 4 to 187. The number of oil-directed rigs fell by 3 to 756. The total rig count increased by 1, and it now stands at 944.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Aug2016 - Sep 2017:



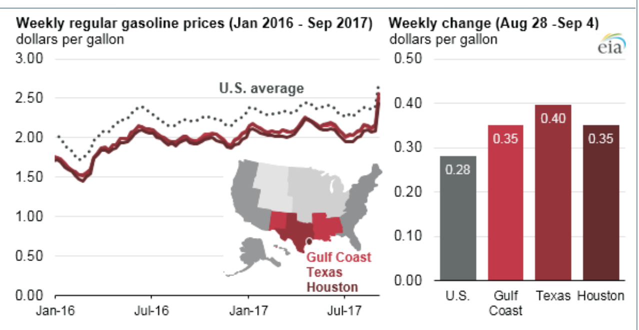
Working nat. gas in underground storage as of September 8, 2017



Forward 12-month NYMEX natural gas strip price - Oct17-Sep18:

Process Load-weighted $3.105/dth - w/o/w = ▲$0.046
Typical Heat Load-weighted $3.209/dth - w/o/w = ▲$0.050

Hurricane Harvey caused U.S. Gulf Coast refinery runs to drop, gasoline prices to rise:



Hurricane Harvey caused substantial disruptions to crude oil and petroleum product supply chains and increased petroleum product prices. For the week ending September 1, 2017, gross inputs to refineries in the U.S. Gulf Coast fell by 3.2 million b/d, or 34%, from the previous week, the largest drop since Hurricanes Gustav and Ike in 2008. Weekly refinery utilization in the region fell from 96% to 63%, while other areas of the country remained virtually unchanged. Just over half of all U.S. refinery capacity is located in the U.S. Gulf Coast. Texas, where Harvey made landfall, represents 31% of all U.S. refinery capacity. Refinery operations are largely dependent on a supply of crude oil and feedstocks, electricity, safe working conditions, workforce availability, and outlets for production. As a result of Hurricane Harvey, many refineries in the region either reduced runs or shut down in its aftermath. Many crude oil and petroleum product pipelines were also affected by the hurricane, including the Colonial Pipeline system. Colonial connects 29 refineries and 267 distribution terminals and carries up to 2.5 million b/d of gasoline, diesel, and jet fuel from Houston to as far north as New York Harbor. Colonial typically operates at or near full capacity, but as a result of Hurricane Harvey and the decreased supply of petroleum products available to ship, Colonial Pipeline briefly curtailed operations and shipped products intermittently before resuming operations at reduced rates of flow on September 6. As supplies were disrupted, the East Coast drew down inventories of motor gasoline. East Coast total motor gasoline inventories in the week ending September 1, 2017 fell by 2.2 million barrels, or 3.5%, compared with the previous week. These disruptions and drawdowns also led to higher gasoline prices. The U.S. average regular retail gasoline price increased 28 cents per gallon (gal), from $2.40/gal on August 28, 2017 to $2.68/gal on September 4.

Excerpted from eia

> "Start by doing what's necessary; then do what's possible; and suddenly you are doing the impossible." -Francis of Assisi

[1]https://www.brainyquote.com/quotes/quotes/e/elvispresl133068.html