

News Tracker:

-Natural gas spot prices rose at most locations for the Report Week of Wednesday, September 26 to Wednesday, October 3. Henry Hub spot prices rose from \$3.13 per million British thermal units (MMBtu) to \$3.26/MMBtu from open to close of the Report Week.

-At the New York Mercantile Exchange (Nymex) on Wednesday, September 26, the October 2018 natural gas futures contract expired at \$3.021/MMBtu. The November 2018 contract price increased to \$3.230/MMBtu, up 25¢ for the Report Week.

-Net natural gas injections into storage totaled 98 Bcf for the week ending September 28, compared with the five-year (2013-17) average net injections of 84 Bcf and last year's net injections of 44 Bcf during the same week. Working gas stocks totaled 2,866 Bcf, which is 607 Bcf (17%) lower than the five-year average and 636 Bcf (18%) lower than last year at this time. The average rate of net injections into storage is 15% lower than the 5-year average so far in the 2018 refill season, which covers April through October.

If the rate of injections into working gas matched the five-year average of 10.4 Bcf/d for the remainder of the refill season, total inventories would be 3,208 Bcf on October 31, 607 Bcf lower than the 5-year average of 3,815 Bcf.

-Total US 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 6% week over week. Industrial sector consumption increased by 1% week over week. In the residential and commercial sectors, consumption increased by 12% with mixed regional heating and cooling demand. Temperatures were close to normal across much of the Lower 48 states, but warmer than normal in the Southeast and Southwestern regions and cooler than normal across the Great Plains.

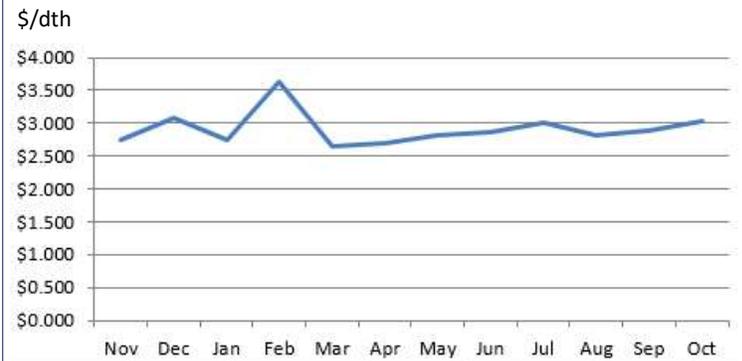
Natural gas exports to Mexico were flat, averaging 4.8 Bcf/d.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 43¢, averaging \$10.80/MMBtu for the week ending October 3. The price of natural gasoline, ethane, propane, butane, and isobutane all rose, by 5%, 7%, 2%, 4%, and 3%, respectively.

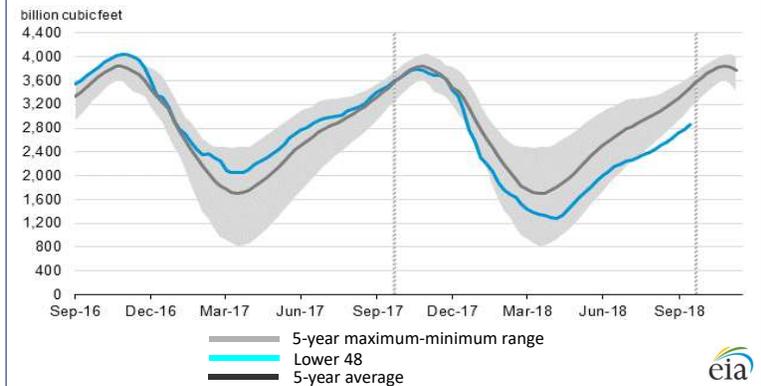
-According to Baker Hughes, for the week ending Tuesday, September 25, the natural gas rig count increased by 3 to 189. The number of oil-directed rigs fell by 3 to 863.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Nov 2017 - Oct 2018:



Working natural gas in underground storage as of Sept. 28, 2018



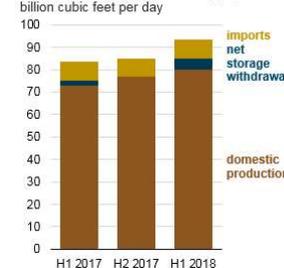
Forward 12-month NYMEX natural gas strip price - Nov18-Oct19:

Process Load-weighted \$2.931/dth - w/o/w = ▲\$0.118
 Typical Heat Load-weighted \$3.090/dth - w/o/w = ▲\$0.157

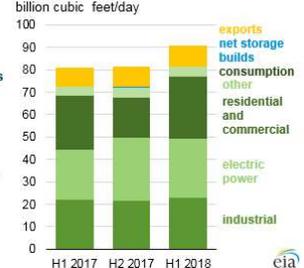
Both natural gas supply and demand have increased from year-ago levels:

In the first half of 2018, U.S. natural gas supply and demand grew significantly compared to the first half of 2017: consumption and exports were 12% greater period-over-period. Total supply of U.S. natural gas, including domestic production, imports, and storage withdrawals, increased by 12% from the first half of 2017. The increase in U.S. natural gas supply was driven by production, especially from the Appalachia region. Total U.S. dry natural gas production rose 10% compared to the same period last year. Domestic natural gas consumption in the first half of 2018 increased in all sectors compared with year-ago levels. The largest growth occurred in the residential and commercial sectors, which increased by 16% combined, 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 many of the Lower 48 states. In the U.S. electric power sector, power plants used 16% more natural gas during the first half of 2018 compared with the same time last year. Natural gas consumption in the power sector has also increased with the increased buildout of natural gas-fired power plants in much of the country. Industrial consumption of natural gas in the U.S. was 6% higher in the first half of 2018 compared to the first half of 2017. Gross U.S. exports of natural gas have also increased from year-ago levels. Liquefied natural gas (LNG) exports, which mostly go to countries in Asia, and pipeline exports, which go to Mexico and Canada, collectively increased by 8% from the first half of 2017 to the first half of 2018. Overall, consumption and exports increased 2.7 Bcf/d more than production and imports in the first half of the year, which prompted withdrawals of natural gas from storage facilities. Relatively high net withdrawals and low net injections so far in 2018 have resulted in natural gas inventories falling 18% lower than the previous five-year average as of September 21, 2018.

U.S. natural gas sources of supply billion cubic feet per day



U.S. natural gas sources of demand billion cubic feet/day



Excerpted from 

“Even if I knew that tomorrow the world would go to pieces, I would still plant my apple tree.” -Martin Luther¹