

Newstracker:

-Natural gas spot prices rose at most locations for the Report Week of Wednesday, January 23 to Wednesday, January 30.

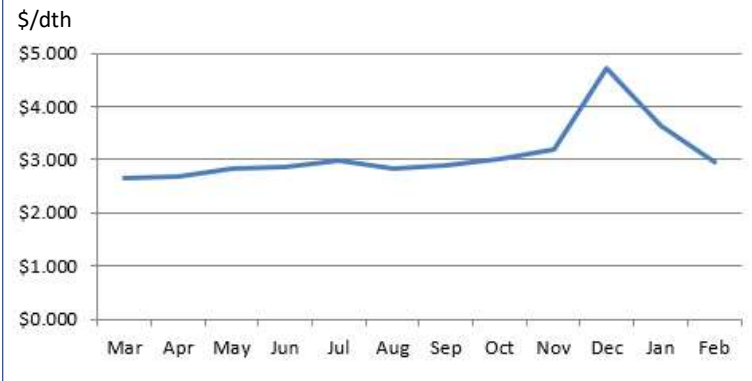
-At the NY Mercantile Exchange (Nymex), the February 2019 natural gas futures contract expired Tuesday, January 29 at \$2.950/MMBtu, down 3¢/MMBtu from the previous Wednesday. The March 2019 contract decreased to \$2.854/MMBtu, down 7¢/MMBtu for the Report Week. The price of the 12-month strip averaging March 2019 through February 2020 futures contracts climbed 2¢/MMBtu to \$2.946/MMBtu.

-Net natural gas withdrawals from storage totaled 173 Bcf for the week ending January 25, compared with the five-year (2014-18) average net withdrawals of 150 Bcf and last year's net withdrawals of 126 Bcf during the same week. Working gas stocks totaled 2,197 Bcf, which is 328 Bcf (13%) lower than the five-year average and 14 Bcf (1%) lower than last year at this time.

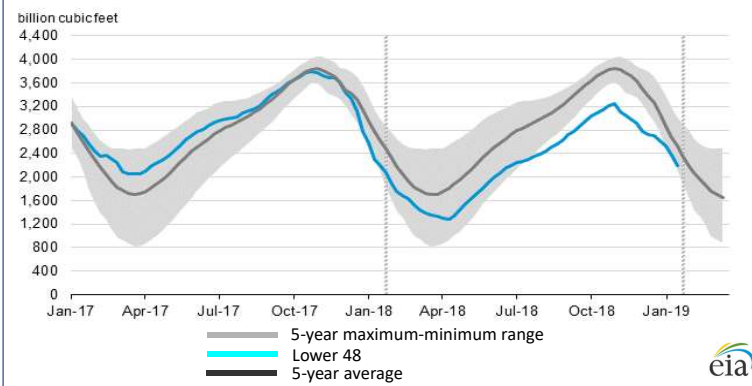
-Total U.S. consumption of natural gas rose by 8% compared with the previous report week, according to data from PointLogic Energy. In the residential and commercial sectors, consumption increased by 11%, reaching a near-record high of 70.9 Bcf/d on Wednesday, January 30, the second-highest value ever recorded (the highest was 71.6 Bcf/d in January 2014). Natural gas consumed for power generation climbed by 6% week over week. Industrial sector consumption increased by 4% week over week. Natural gas exports to Mexico increased 3% averaging 4.9 Bcf/d reaching a record weekly high, according to Genscape.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 16¢/MMBtu, averaging \$6.67/MMBtu for the week ending January 30. The price of propane fell by 2%. The price of natural gasoline, ethane, butane, and isobutane rose by 1%, 8%, 4%, and 5%, respectively.

Monthly NYMEX Natural Gas Settle Price: Mar 2018 - Feb 2019:



Working natural gas in underground storage as of Jan. 25, 2019

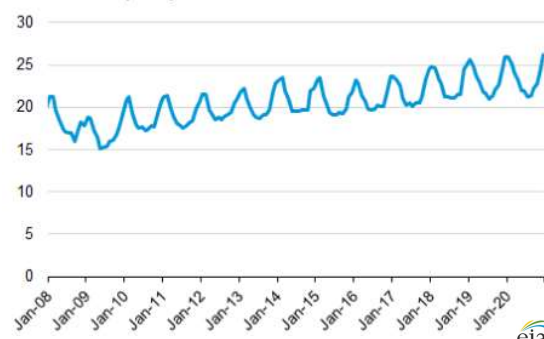


Forward 12-month NYMEX natural gas strip price - Mar19-Feb20:

Process Load-weighted \$2.946/dth - w/o/w = ▲\$0.018
 Typical Heat Load-weighted \$3.003/dth - w/o/w = ▲\$0.014


New methanol plants expected to boost industrial natural gas usage in 2019-2020:

Natural gas industrial consumption
billion cubic feet per day



New industrial plants being developed in the US are boosting natural gas consumption in the industrial sector. Industrial natural gas consumption has grown steadily since 2009 as relatively low natural gas prices have encouraged construction of new industrial plants that use natural gas as a feedstock for chemical production. Methanol plants and ammonia, or urea-based fertilizer plants, are among the most natural gas-intensive industrial end users and require natural gas both as a feedstock and for process heat. The US Energy Information Administration (EIA) forecasts that these new projects will help drive growth in industrial natural gas demand through the forecast period, which runs through the end of 2020. EIA forecasts industrial consumption will average 23.2 billion cubic feet per day (Bcf/d) in 2019, or 0.5 Bcf/d (2%) higher than 2018 levels, and 23.4 Bcf/d in 2020. In 2018, one new methanol plant entered service in Beaumont, Texas. According to the owners, the plant has consistently been running at higher than nameplate capacity. This new plant is now the largest US methanol production facility, consuming an estimated 0.16 Bcf/d of natural gas. During 2019-2020, two new methanol plants on the Gulf Coast of Louisiana are expected to enter service. One of the plants, expected to enter service in 3rd-quarter 2019, will convert dry natural gas into methanol, which will then be converted to gasoline. The second plant, expected to enter service in mid-2020, will be the second-largest methanol facility in the US after the facility in Beaumont. In addition to these Gulf Coast additions, a new methanol plant in West Virginia is expected to begin operations in 2019. These three new plants, with in-service dates in 2019-2020, have a combined capacity of 3.3 million metric tons per year, equating to methanol production of 0.30 billion British thermal units per day, a 45% increase from the current U.S. capacity.

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Excerpted from 

“The greatness of America lies not in being more enlightened than any other nation, but rather in her ability to repair her faults.” -Alexis de Tocqueville¹