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Energy Market Report

Report Date: June 28, 2019
Report Week: June 19, 2019 to June 26, 2019

Questions?
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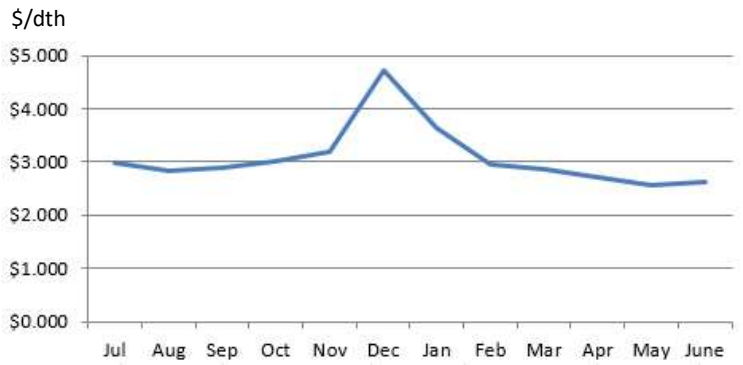
Newstracker:

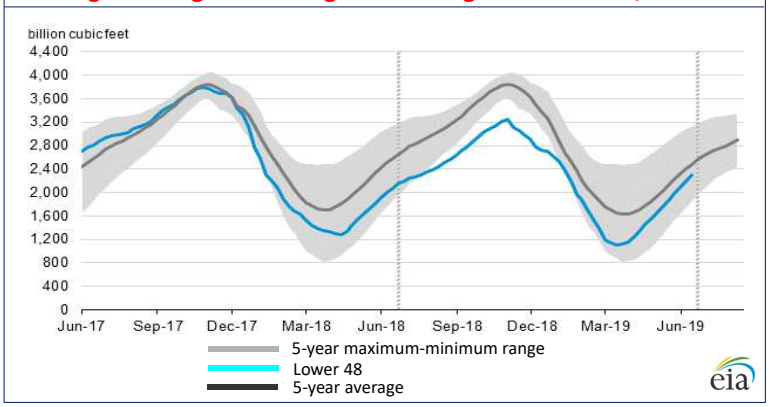
-Natural gas spot prices fell at most locations this Report Week (Wednesday, June 19 to Wednesday, June 26). Henry Hub spot prices fell from $2.36 per million British thermal units (MMBtu) to $2.32/MMBtu from start to finish of the Report Week.
-At the New York Mercantile Exchange (Nymex), the July 2019 natural gas futures contract expired yesterday at $2.291/MMBtu, up 2¢/MMBtu from open to close of the Report Week. The August 2019 contract remained unchanged Wednesday to Wednesday at $2.268/MMBtu. The price of the 12-month strip averaging August 2019 through July 2020 futures contracts declined 1¢/MMBtu to $2.446/MMBtu.
- Net natural gas injections into storage totaled 98 Bcf for the week ending June 21, compared with the five-year (201418) average net injections of 70 Bcf and last year's net injections of 71 Bcf during the same week. Working gas stocks totaled 2,301 Bcf, which is 171 Bcf (7%) lower than the five-year average and 236 Bcf (11%) more than last year at this time.
- Total U.S. consumption of natural gas rose by 4% compared with the previous report week, according to data from PointLogic Energy. Natural gas consumed for power generation climbed by 8% week over week amid temperatures that were slightly warmer than normal in the Southeast region, where electricity is used for cooling demand. Industrial sector consumption decreased by 2% week over week. In the residential and commercial sectors, consumption declined by 1%. Natural gas exports to Mexico were the same as last report week, averaging 5.2 Bcf/d.
-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 30¢/MMBtu, averaging $4.50/MMBtu for the week ending June 26. The price of isobutane, natural gasoline, butane, and propane rose by 19%, 10%, 9%, and 7%, respectively. The price of ethane fell by 2%.
-According to Baker Hughes, for the week ending Tuesday, June 18, the natural gas rig count decreased by 4 to 177. The number of oil-directed rigs rose by 1 to 789. The total rig count decreased by 2, and it now stands at 967.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Jul 2018 - Jun 2019:



Working natural gas in underground storage as of June 21, 2019

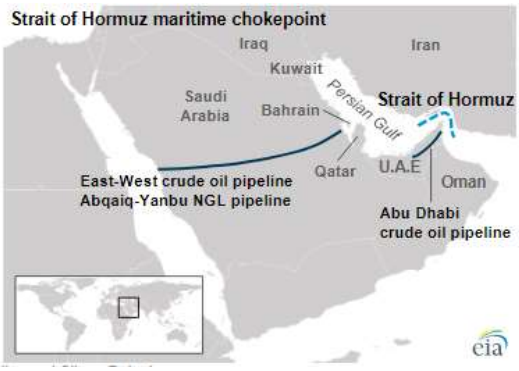


Forward 12-month NYMEX natural gas strip price - Jul19-Jun20:

Process Load-weighted $2.431dth - w/o/w = ▼$0.011
Typical Heat Load-weighted $2.518/dth - w/o/w = ▼$0.013

The Strait of Hormuz is the world's most important oil transit chokepoint :

The Strait of Hormuz, located between Oman and Iran, connects the Persian Gulf with the Gulf of Oman and the Arabian Sea. The Strait of Hormuz is the world's most important oil chokepoint because of the large volumes of oil that flow through the strait. In 2018, its daily oil flow averaged 21 million barrels per day (b/d), or the equivalent of about 21% of global petroleum liquids consumption. Chokepoints are narrow channels along widely used global sea routes that are critical to global energy security. Volumes of crude oil, condensate, and petroleum products transiting the Strait of Hormuz have been fairly stable since 2016, when international sanctions on Iran were lifted and Iran's oil production and exports returned to pre-sanctions levels. Flows through the Strait of Hormuz in 2018 made up about one-third of total global seaborne traded oil. More than one-quarter of global liquefied natural gas trade also transited the Strait of Hormuz in 2018. There are limited options to bypass the Strait of Hormuz. Only Saudi Arabia and the United Arab Emirates have pipelines that can ship crude oil outside the Persian Gulf and have the additional pipeline capacity to circumvent the Strait of Hormuz. An estimated 76% of the crude oil and condensate that moved through the Strait of Hormuz went to Asian markets in 2018. China, India, Japan, South Korea, and Singapore were the largest destinations for crude oil moving through the Strait of Hormuz to Asia, accounting for 65% of all Hormuz crude oil and condensate flows in 2018. In 2018, the United States imported about 1.4 million b/d of crude oil and condensate from Persian Gulf countries through the Strait of Hormuz, accounting for about 18% of total U.S. crude oil and condensate imports and 7% of total U.S. petroleum liquids consumption.



Excerpted from eia

"Give me six hours to chop down a tree and I will spend the first four sharpening the axe." -Abraham Lincoln[1]

[1]https://www.brainyquote.com/quotes/abraham_lincoln_109275