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Energy Market Report

Report Date: August 2, 2019
Report Week: July 24, 2019 to July 31, 2019

Questions?
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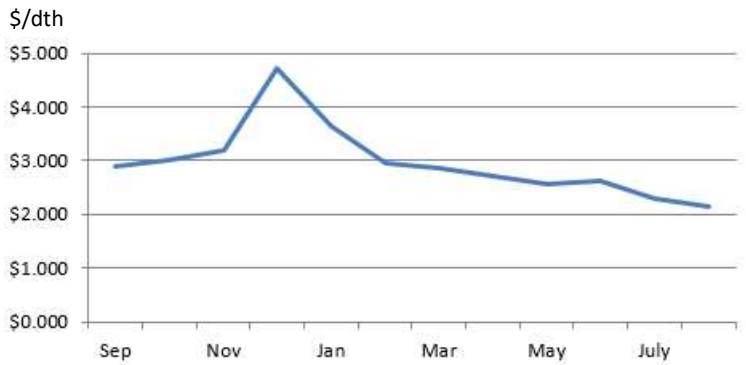
Newstracker:

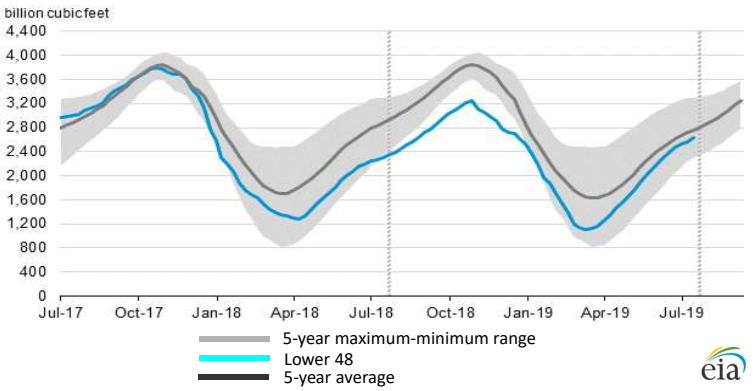
-Natural gas spot price movements were mixed for the Report Week of Wednesday, July 24 to Wednesday, July 31. Henry Hub spot prices rose slightly from $2.22 per million British thermal units (MMBtu) to $2.23/MMBtu from start to finish of the Report Week.
-At the New York Mercantile Exchange (Nymex), the August 2019 natural gas futures contract expired on July 29 at $2.141/MMBtu, down 8¢/MMBtu from the close of the previous Report Week. The September 2019 contract increased to $2.233/MMBtu, up 3¢/MMBtu from open to close of the Report Week. The price of the 12-month strip, averaging the September 2019 through August 2020 futures contracts, climbed 1¢/MMBtu to $2.424/MMBtu.
- Net natural gas injections into storage totaled 65 Bcf for the week ending July 26, compared with the five-year (201418) average net injections of 37 Bcf and last year's net injections of 31 Bcf during the same week. Working gas stocks totaled 2,634 Bcf, which is 123 Bcf (4%) lower than the five-year average and 334 Bcf (15%) more than last year at this time.
-Total U.S. consumption of natural gas rose by 1% compared with the previous report week, according to data from PointLogic Energy. Natural gas consumed for power generation declined by 1% week over week. Industrial sector consumption increased by 4% week over week. In the residential and commercial sectors, consumption increased by 1%. Natural gas exports to Mexico increased 1%.
-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 49¢/MMBtu, averaging $4.04/MMBtu for the week ending July 31. The price of ethane, propane, butane, and natural gasoline fell by 32%, 11%, 7%, and 1%, respectively. The price of isobutane rose by 2%.
-According to Baker Hughes, for the week ending Tuesday, July 23, the natural gas rig count decreased by 5 to 169. The number of oil-directed rigs fell by 3 to 776. The total rig count decreased by 8, and it now stands at 946.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Sep 2018 - Aug 2019:



Working natural gas in underground storage as of July 26, 2019

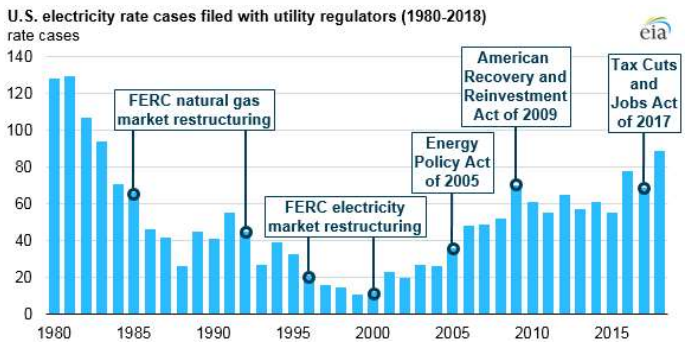


Forward 12-month NYMEX natural gas strip price - Sep19-Aug20:

Process Load-weighted $2.424dth - w/o/w = ▲$0.013
Typical Heat Load-weighted $2.485/dth - w/o/w = ▲$0.011

The number of electric utility rate cases increased in 2018:

In 2018, 89 utilities or nearly half of all major U.S. electric utilitiestried to change electricity rates by filing rate cases with state regulatory commissions; this number was the largest number since 1983. U.S. public electric utility companies must obtain permission from their regulators before changing the rates they charge customers. 78 of these rate changes proposed rate increases. Regulated electric utilities can request rate changes to help recover expenses for building, operating, and maintaining their electric generators, transmission and distribution equipment, and other buildings and equipment. In addition, utilities have the right to earn a return on their investments. The number of electric utility rate cases typically reflects changes in the costs of generating and delivering electricity. In 2018, increases in spending for electricity transmission and delivery, rather than for electric generation, drove most of the approved rate increases. Delivery expenses included investments to modernize and strengthen the electric power grid, connect to wind and solar installations, restore storm damage, manage vegetation, and install new customer information and billing systems. Increases in electric generation costs also led to rate increases in some areas. Reasons for higher spending on utility generation fleets included new or increasing environmental compliance costs, rising costs for operating and maintaining nuclear plants, and extra wind generation expenditures as production tax credits phase out.



Excerpted from eia

"There are no real paradoxes in science, the apparent pradoxes are merely nature's plite way, *sotto voce*, of informing us that our understanding is incomplete or erroneous." -Thomas Gold[1]

[1]"The Red Hot Biosphere", Thomas Gold, 1999, p. 81