

## Newstracker:

-Natural gas spot prices fell at most locations for the Report Week of Wednesday, August 21 to Wednesday, August 28. Henry Hub spot prices dropped slightly from \$2.25 per million British thermal units (MMBtu) to \$2.24/MMBtu from open to close of the Report Week.

-At the New York Mercantile Exchange (Nymex), the September 2019 natural gas futures contract expired on Wednesday, August 28 at \$2.251/MMBtu, up 8¢/MMBtu from last Wednesday. The October 2019 contract increased to \$2.222/MMBtu, up 4¢/MMBtu from the previous Wednesday. The price of the 12-month strip averaging October 2019 through September 2020 futures contracts climbed 5¢/MMBtu to \$2.373/MMBtu.

- Net natural gas injections into storage totaled 60 Bcf for the week ending August 23, compared with the five-year (2014-18) average net injections of 57 Bcf and last year's net injections of 66 Bcf during the same week. Working gas stocks totaled 2,857 Bcf, which is 100 Bcf (3%) lower than the five-year average and 363 Bcf (15%) more than last year at this time.

-Total US consumption of natural gas fell by 4% compared with the previous report week, according to data from IHS Markit. Natural gas consumed for power generation declined by 9% week over week. Industrial sector consumption increased by 2% week over week. In the residential and commercial sectors, consumption increased by 1%. Natural gas exports to Mexico were the same as last week, averaging 5.1 Bcf/d.

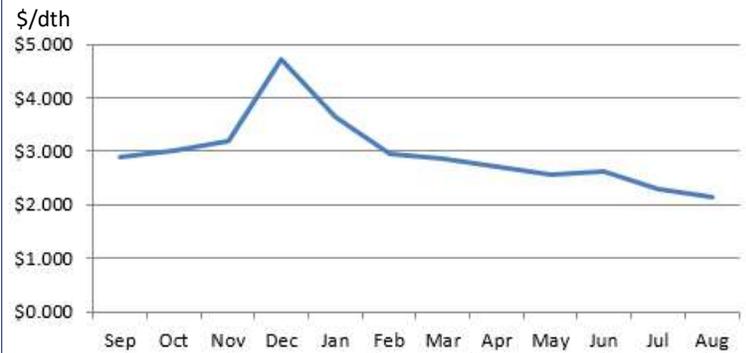
-Natural gas exports to Mexico are set to increase as a new pipeline enters service as Mexico's utility Comisión Federal de Electricidad announced on Tuesday that it had renegotiated contracts with three pipeline companies. The first pipeline to begin operations, within the next few days, will be the 2.6 Bcf/d South Texas-Tuxpan marine gas pipeline.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 27¢/MMBtu, averaging \$4.37/MMBtu for the week ending August 28. The price of natural gasoline fell by 2%. The prices of ethane, butane, isobutane, and propane rose by 16%, 13%, 10%, and 5%, respectively.

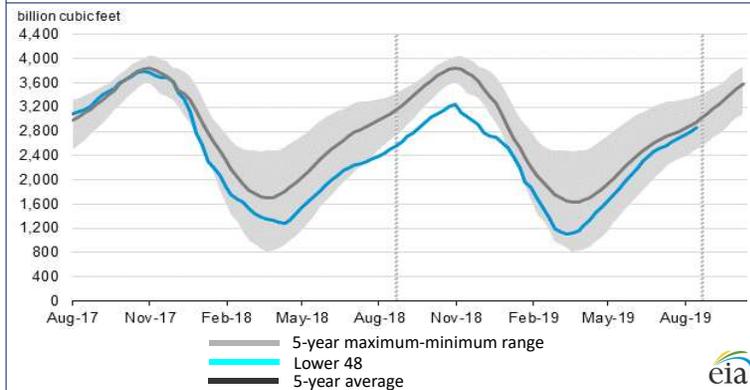
-According to Baker Hughes, for the week ending Tuesday, August 20, the natural gas rig count decreased by 3 to 162. The number of oil-directed rigs fell by 16 to 754. The total rig count decreased by 19, and it now stands at 916.

Excerpted from 

## Monthly NYMEX Natural Gas Settle Price: Oct 2018 - Sep 2019:



## Working natural gas in underground storage as of August 23, 2019

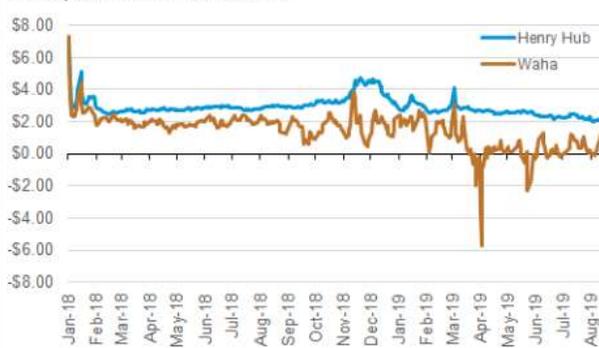


## Forward 12-month NYMEX natural gas strip price - Oct19-Sep20:

Process Load-weighted \$2.365/dth - w/o/w = ▲\$0.045  
 Typical Heat Load-weighted \$2.418/dth - w/o/w = ▲\$0.045

## Permian Basin prices up in recent weeks as the Gulf Coast Express Pipeline nears completion:

Henry Hub and Waha natural gas prices, 2018–present  
 dollars per million British thermal units



Natural gas spot prices at the Waha hub in western Texas, located near Permian Basin production activities, closed at \$1.55/million British thermal units (MMBtu) on August 15, the highest price since March 2019. This price increase coincides with the 2 billion cubic feet per day (Bcf/d) Gulf Coast Express Pipeline (GCX) preparing to enter service. GCX will provide much-needed additional natural gas take-away pipeline capacity in the Permian region of western Texas and southeastern New Mexico. Limited natural gas pipeline takeaway capacity in the region has kept prices very low or negative in recent months. This recent uptick in the Waha price coincides with flows on the GCX; deliveries into the pipeline began on August 8. S&P Global Platts reported that deliveries at El Paso Natural Gas Pipeline's interconnection with GCX reached nearly 0.26 Bcf/d on August 14, an indication that GCX is packing its lines in anticipation of entering service late next month, according to industry reports, ahead of its announced in-service date of October 1. Once fully operational, the pipeline will be capable of sending about 2.0 Bcf/d of natural gas eastward to the Agua Dulce receipt point near the Texas Gulf Coast. The Permian Basin in western Texas and southeastern New Mexico has seen large increases in natural gas production in recent years. Natural gas

produced in the Permian Basin is largely associated natural gas, which is natural gas produced as a byproduct of crude oil production. Crude oil take-away capacity in the region expanded in early 2019. Producers in the region may vent or flare natural gas to a limited extent, but these activities are subject to regulation by the Texas Railroad Commission.

Excerpted from 

“I was seldom able to see an opportunity until it had ceased to be one.” -Mark Twain<sup>1</sup>