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Energy Market Report

Report Date: January 31, 2019
Report Week: January 22, 2020 to January 29, 2020

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Newstracker:

-Natural gas spot prices fell at most locations for the period of Wednesday, January 22 to Wednesday, January 29 (the Report Week). The Henry Hub spot price rose from $1.89 per million British thermal units (MMBtu) to $1.92/MMBtu from start to finish of the Report Week.

-At the New York Mercantile Exchange (Nymex), the February 2020 natural gas futures contract expired on Wednesday, January 30 at $1.877/MMBtu, down 3¢/MMBtu from the previous Wednesday. The March 2020 contract price decreased to $1.865/MMBtu, down 3¢/MMBtu from its previous Wednesday close. The price of the 12-month strip averaging March 2020 through February 2021 futures contracts declined 4¢/MMBtu to $2.177/MMBtu.

-The net natural gas withdrawal from storage totaled 201 Bcf for the week ending January 24, compared with the five-year (201519) average net withdrawal of 143 Bcf and last year's net withdrawal of 171 Bcf during the same week. Working natural gas stocks totaled 2,746 Bcf, which is 193 Bcf (8%) more than the five-year average and 524 Bcf (24%) more than last year at this time.

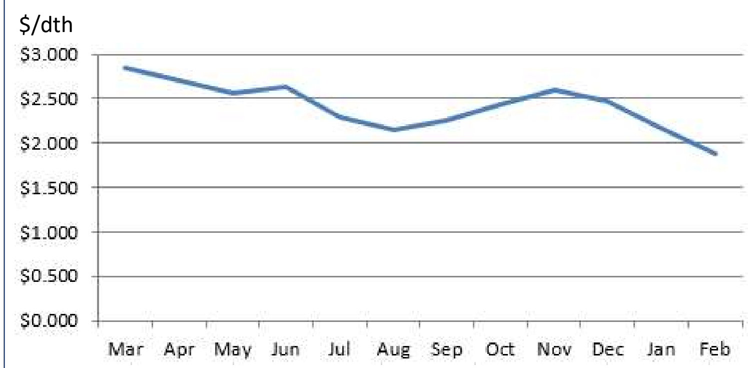
- Total U.S. consumption of natural gas fell by 10% compared with the previous report week, according to data from IHS Markit. In the residential and commercial sectors, consumption declined by 15% with the return of unseasonably warm weather. Natural gas consumed for power generation declined by 6% week over week. Industrial sector consumption decreased by 3% week over week. Natural gas exports to Mexico increased 13% as maintenance concluded on the Valley Crossing Pipeline.

-US LNG exports increase week over week as twenty-one liquefied natural gas (LNG) vessels (eight from Sabine Pass; four from Freeport; three from Corpus Christi; and two each from Cove Point, Elba Island, and Cameron) with a combined LNG-carrying capacity of 75 Bcf departed the United States between January 23 and January 30, according to shipping data compiled by Bloomberg.

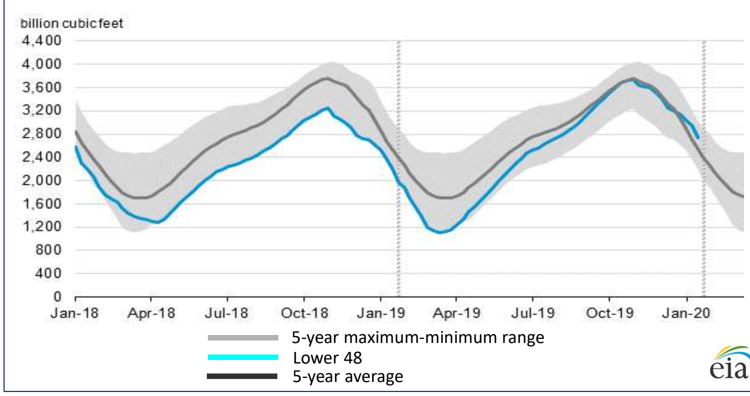
-According to Baker Hughes, for the week ending Tuesday, January 21, the natural gas rig count decreased by 5 to 115. The number of oil-directed rigs rose by 3 to 676. The total rig count decreased by 2, and it now stands at 794.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Mar 2019 - Feb 2020:



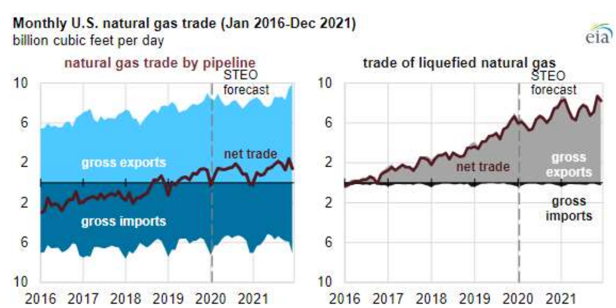
Working natural gas in underground storage as of Jan. 24, 2020



Forward 12-month NYMEX natural gas strip price - Mar20-Feb21:

Process Load-weighted $2.177/dth - w/o/w = ▼$0.035
Typical Heat Load-weighted $2.257/dth - w/o/w = ▼$0.040

EIA expects US net natural gas exports to almost double by 2021:



The US Energy Information Administration (EIA) projects US natural gas exports to exceed natural gas imports by an average 7.3 billion cubic feet per day (Bcf/d) in 2020 (2.0 Bcf/d higher than in 2019) and 8.9 Bcf/d in 2021. Growth in US net exports are projected to be led primarily by increases in liquefied natural gas (LNG) exports and pipeline exports to Mexico. Net natural gas exports more than doubled in 2019, compared with 2018, and are projected to almost double again by 2021 from 2019 levels. The US trades natural gas by pipeline with Canada and Mexico and as LNG with dozens of countries. Historically, the US has imported more natural gas than it exports by pipeline from Canada. In contrast, the US has been a net exporter of natural gas by pipeline to Mexico. The US has been a net exporter of LNG since 2016 and delivers LNG to more than 30 countries. In 2019, growth in demand for US natural gas exports exceeded growth in natural gas consumption in the US electric power sector. Natural gas deliveries to US LNG export facilities and by pipeline to Mexico accounted for 12% of dry natural gas production in 2019. EIA forecasts these deliveries to account for an increasingly larger share through 2021 as new LNG facilities are placed in service and new pipelines in Mexico that connect to U.S. export pipelines begin operations. Net US natural gas imports from Canada have steadily declined in the past four years as new supplies from Appalachia into the Midwestern states have displaced some pipeline imports from Canada. US pipeline exports to Canada have increased since 2018. Overall, EIA projects the US will remain a net natural gas importer from Canada through 2050. US pipeline exports to Mexico increased following expansions of cross-border pipeline capacity. The increase in exports was primarily the result of increased flows on the newly commissioned Sur de TexasTuxpan pipeline in Mexico, which transports natural gas from Texas to the southern Mexican state of Veracruz. Excerpted from eia

"While the government can tell you that I am an innocent man, the government's letter cannot give me back my good name or my reputation." -Richard Jewell[1]

[1] https://www.brainyquote.com/quotes/richard_jewell_218034