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Energy Market Report

Report Date: March 13, 2020
Report Week: March 4, 2020 to March 11, 2020

Questions?
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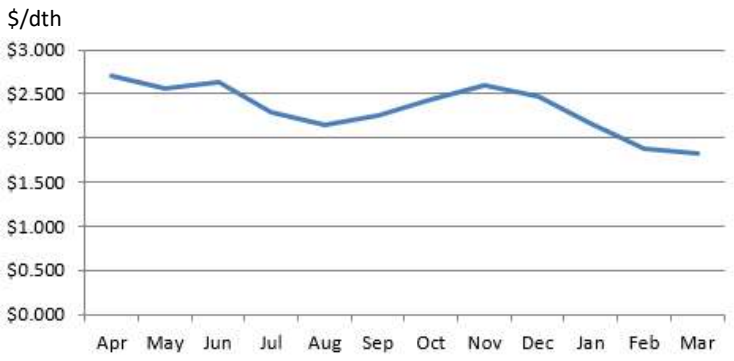
Newstracker:

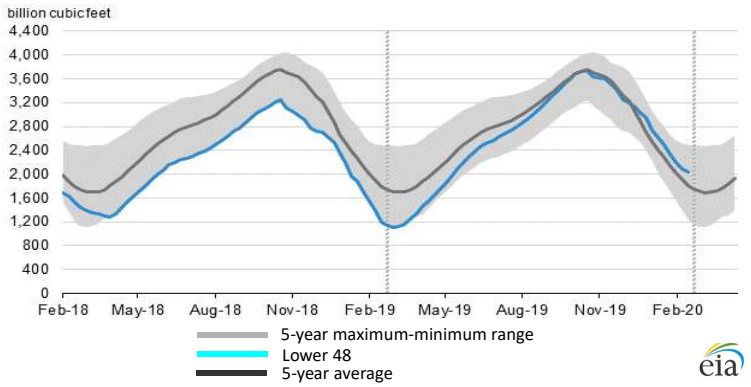
-Natural gas spot prices rose at most locations from Wednesday, March 4 to Wednesday, March 11 (the Report Week). The Henry Hub spot price rose from $1.80 per million British thermal units (MMBtu) to $1.92/MMBtu from start to finish of the Report Week.
-At the New York Mercantile Exchange (Nymex), the price of the April 2020 natural gas futures contract increased 5¢, from $1.827/MMBtu to $1.878/MMBtu from open to close of the Report Week. The price of the 12-month strip averaging April 2020 through March 2021 futures contracts climbed 8¢/MMBtu to $2.238/MMBtu.
-The net natural gas withdrawal from storage totaled 48 Bcf for the week ending March 6, compared with the five-year (201519) average net withdrawal of 99 Bcf and last year's net withdrawal of 164 Bcf during the same week. Working natural gas stocks totaled 2,043 Bcf, which is 227 Bcf (13%) more than the five-year average and 796 Bcf (64%) more than last year at this time.
-Natural gas demand fell during the Report Week with the onset of warm temperatures. Total US consumption of natural gas fell by 10% compared with the previous report week, according to data from IHS Markit. Declines were largest in the residential and commercial sectors, where consumption declined by 20% with lower demand for space heating. Natural gas consumed for power generation declined by 6% week over week. Industrial sector consumption decreased by 2% week over week. Natural gas exports to Mexico were unchanged from last week, averaging 5.5 Bcf/d.
-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 62¢/MMBtu, averaging $3.69/MMBtu for the week ending March 11. Because crude oil prices generally set the ceiling for natural gas plant liquids (NGPL) while natural gas prices set the floor, and crude oil prices fell rapidly while natural gas prices held steady, heavier NGPL saw larger price declines (natural gasoline, butane, and isobutane fell by 20%, 22%, and 29%, respectively) than lighter NGPL (ethane fell by 5% and propane fell by 9%).
-According to Baker Hughes, for the week ending Tuesday, March 3, the natural gas rig count decreased by 1 to 109. The number of oil-directed rigs rose by 4 to 682. The total rig count increased by 3,
And it now stands at 793.

Excerpted from eia

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



Working natural gas in underground storage as of Mar. 6, 2020

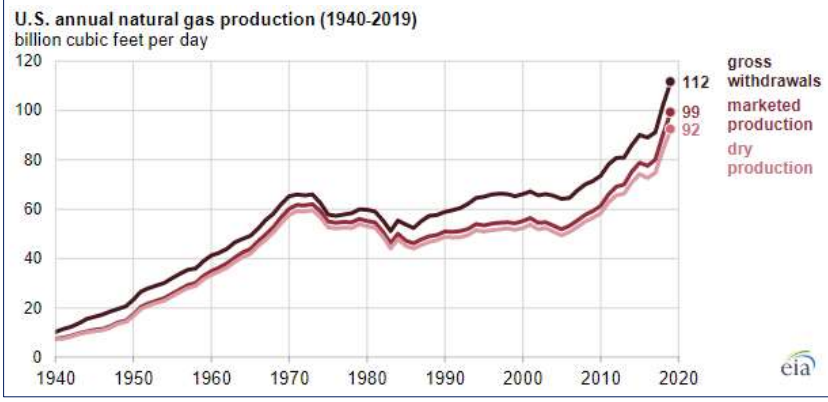


Forward 12-month NYMEX natural gas strip price - Apr20-Mar21:

Process Load-weighted $2.238/dth - w/o/w = ▲$0.081
Typical Heat Load-weighted $2.378/dth - w/o/w = ▲$0.083

US natural gas production grew again in 2019, increasing by 10%:

US natural gas production grew by 9.8 billion cubic feet per day (Bcf/d) in 2019, a 10% increase from 2018: slightly less than the 2018 annual increase of 10.5 Bcf/d. U.S. natural gas production measured as gross withdrawals averaged 111.5 Bcf/d in 2019, the highest volume on record. US natural gas gross withdrawals recorded a monthly high of 116.8 Bcf/d in November 2019. Marketed natural gas production and dry natural gas production also reached monthly record highs of 103.6 Bcf/d and 96.4 Bcf/d, respectively, in November 2019. As natural gas production increased, the volume of natural gas exports increased for the fifth consecutive year to an annual average of 12.8 Bcf/d. LNG exports accounted for 2.0 Bcf/d of the 2.9 Bcf/d increase in gross natural gas exports in 2019. Both pipeline and LNG gross exports of natural gas reached record monthly highs in December 2019 of 8.4 Bcf/d and 7.1 Bcf/d, respectively. The US continued to export more natural gas than it imported in 2019, and net natural gas exports averaged 5.2 Bcf/d. In 2019, the US also exported more natural gas by pipeline than it imported for the first time since at least 1985, mainly because of increased pipeline capacity to send natural gas to Canada and Mexico. The Appalachian region (Marcellus and Utica/Point Pleasant shales of Ohio, West Virginia, and Pennsylvania) remains the largest natural gas producing region in the US. Nationally, Pennsylvania's increase was second to that of Texas.



Excerpted from eia

"Difficulties are things that show a person what they are." -Epictetus[1]

[1]https://www.brainyquote.com/quotes/epictetus_118750