Energy Market Report

Report Date: March 20, 2020
Report Week: March 11, 2020 to March 18, 2020

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Newstracker:

-Natural gas spot prices fell at most locations for the term Wednesday, March 11, to Wednesday, March 18 (the Report Week). The Henry Hub spot price fell from $1.92 per million British thermal units (MMBtu) to $1.65/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 decreased 27¢, from $1.878/MMBtu to $1.604/MMBtu from open to close of the Report Week, the lowest front-month price since March 2016. The price of the 12-month strip averaging April 2020-March 2021 futures contracts declined 15¢/MMBtu to $2.083/MMBtu.

-Net natural gas withdrawal from storage totaled 9 Bcf for the week ending March 13, compared with the 5-year (201519) average net withdrawal of 63 Bcf and last year's net withdrawal of 91 Bcf during the same week. Working natural gas stocks totaled 2,034 Bcf, which is 281 Bcf (16%) more than the five-year average and 878 Bcf (76%) more than last year at this time.

- Total U.S. consumption of natural gas rose by 3% compared with the previous report week, according to data from IHS Markit. Natural gas consumed for power generation climbed by 8% week over week in the low natural gas price environment. Industrial sector consumption increased by 1% week over week. In the residential and commercial sectors, consumption declined overall by 1%. Natural gas exports to Mexico increased 1%.

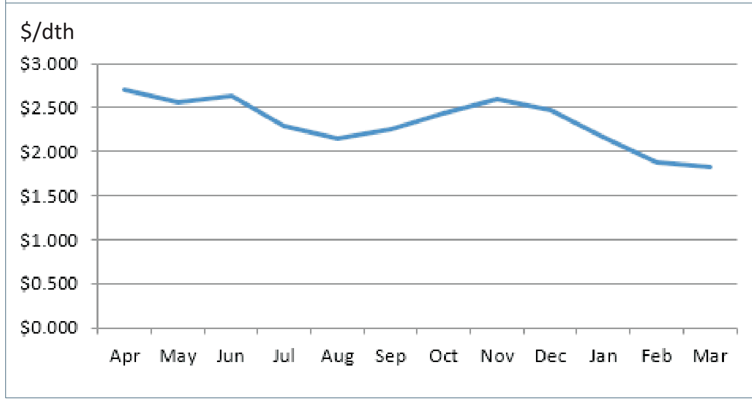
-US LNG exports increase week over week with sixteen LNG vessels (five from Sabine Pass, three from each Cameron, Corpus Christi, and Freeport, and two from Cove Point) with a combined LNG-carrying capacity of 59 Bcf departing the US between March 12 and March 18, according to shipping data provided by Marine Traffic.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 57¢/MMBtu, averaging $3.12/MMBtu for week ending March 18. The prices of heavier NGPLs -- natural gasoline, butane, and isobutane -- fell, by 32%, 20%, and 16%, and lighter NGPLs ethane and propane fell by 11%, and 7%.

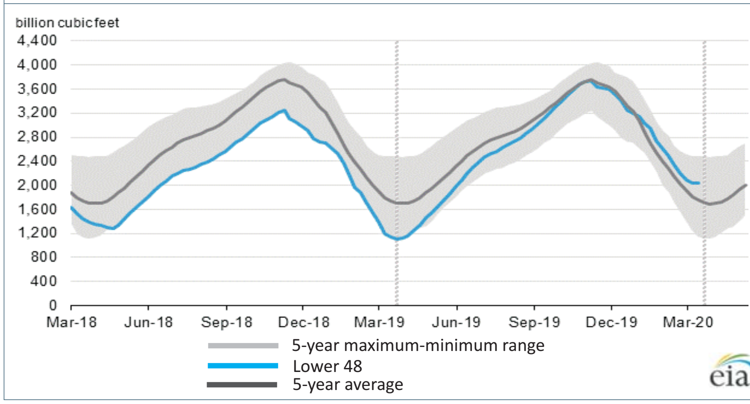
-According to Baker Hughes, for the week ending Tuesday, March 10, the natural gas rig count decreased by 2 to 107. The number of oil-directed rigs rose by 1 to 683. The total rig count decreased by 1, and it now stands at 792.

Excerpted from eia

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



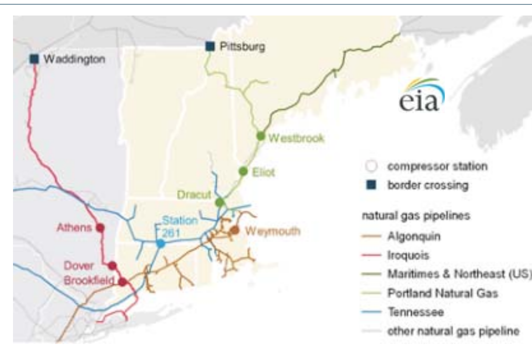
Working natural gas in underground storage as of Mar. 13, 2020



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

Process Load-weighted $2.083/dth - w/o/w = ▼$0.155
Typical Heat Load-weighted $2.279/dth - w/o/w = ▼$0.098

Pipelines plan to increase natural gas deliveries into New England by upgrading existing infrastructure:



Several natural gas pipeline upgrades are either planned or under construction in New England, which will increase deliverability into the region over the next several years. Ffour pipelines are expected to increase compression in their system by 2023, adding more than 350 million cubic feet per day (MMcf/d) of natural gas pipeline capacity into the region. Estimated pipeline capacity into New England from both Canada and New York is 5,200 MMcf/d. During days of peak demand in the winter, most of this capacity is fully utilized, which can lead to spikes in spot natural gas and, in turn, electricity prices. The largest of these pipeline upgrade projects is Iroquois pipeline's Iroquois Enhancement by Compression Project. By increasing the horsepower at three compression stations in NY and CT, Iroquois pipeline will increase its capacity by 125 MMcf/d. If approved, the project is expected to start construction in spring 2023 and be placed in service by November of that year. On the Portland Natural Gas Transmission System, two projects will increase the volumes of Canadian natural gas imports received from the TransQuébec and Martimes pipelines at Pittsburg, New Hampshire: Portland Xpress Project Phase III, adding 24 MMcf/d capacity in 2020, and the Westbrook Xpress Project Phase II, adding 63 MMcf/d after its expected completion in 2021. In addition, two other projects will increase natural gas deliverability to New England from NY. Algonquin's Atlantic Bridge Phase II project will add 92.7 MMcf/d of additional capacity further into New England when the Weymouth compressor station is completed in MA. The project, which has faced numerous delays, is expected to enter service either later in 2020 or in 2021. Tennessee Gas Pipeline's Station 261 Upgrade Projects will provide an additional 72 MMcf/d of capacity. This project is expected to enter service in 2020 and involves upgrading compressor station 261 and 2.1 miles of looping adjacent to the site.

Excerpted from eia

"Housework can't kill you, but why take a chance?" -Phyllis Diller[1]

[1]https://www.brainyquote.com/quotes/phyllis_diller_136117?src=t_funny