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Energy Market Report

Report Date: May 15, 2020

Report Week: May 6, 2020 to May 13, 2020

Questions?
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Newstracker:

-Natural gas spot prices fell at most locations from Wednesday, May 6 to Wednesday, May 13 (the Report Week). The Henry Hub spot price fell from $1.88 per million British thermal units (MMBtu) to $1.56/MMBtu from open to close of the Report Week.

-At the New York Mercantile Exchange (Nymex), the price of the June 2020 natural gas futures contract decreased 33¢, from $1.944/MMBtu last Wednesday to $1.616/MMBtu yesterday. The price of the 12-month strip averaging June 2020 through May 2021 futures contracts declined 20¢/MMBtu to $2.362/MMBtu.

- The net injections to working gas totaled 103 billion cubic feet (Bcf) for the week ending May 8. Working natural gas stocks totaled 2,422 Bcf, which is 799 Bcf (49%) more than the year-ago level and 413 Bcf (21%) more than the five-year (201519) average for this week.

- Total U.S. consumption of natural gas rose by 9.3% compared with the previous report week, according to data from IHS Markit. In the residential and commercial sectors, consumption increased by 34.1%. Cooler-than-normal temperatures across most of the Lower 48 states bolstered heating demand, which is typically low for this time of year. Industrial sector consumption increased by 3.0% week over week. Natural gas exports to Mexico increased 3.8%. Natural gas for power generation declined 1.2%.

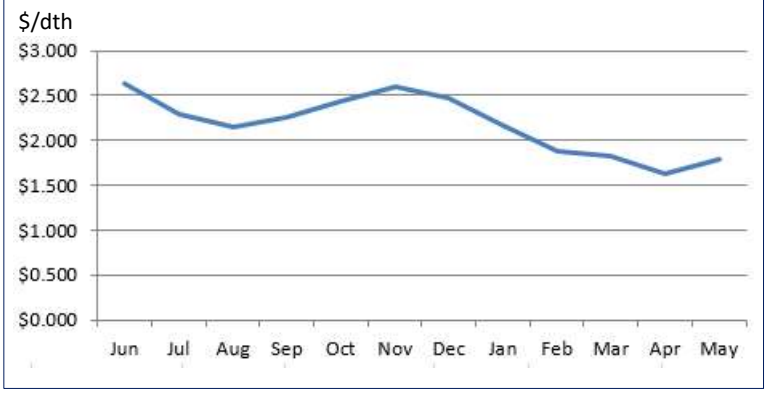
-US LNG exports decreased week over week, as eleven liquefied natural gas (LNG) vessels with a combined LNG-carrying capacity of 40 Bcf departed the US between May 7 and May 13, according to shipping data provided by Marine Traffic.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 40¢/MMBtu, averaging $3.75/MMBtu for the week ending May 13. The prices of ethane, propane, natural gasoline, and butane all rose, by 7%, 10%, 16%, and 18%, respectively. Rapid increase in demand for isobutane for alkylate production (a blendstock for premium gasoline) resulted in isobutane prices rising 29% week over week.

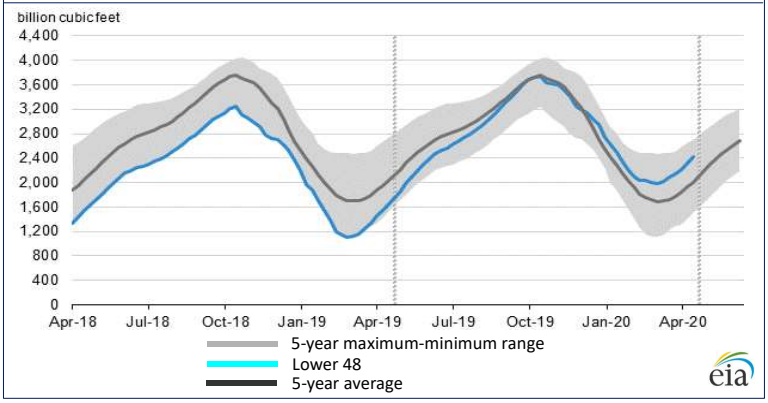
-According to Baker Hughes, for the week ending Tuesday, May 5, the natural gas rig count decreased by 1 to 80. The number of oil-directed rigs fell by 33 to 292. The total rig count decreased by 34, and it now stands at 374.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Jun 2019 - May 2020:



Working natural gas in underground storage as of May 8, 2020

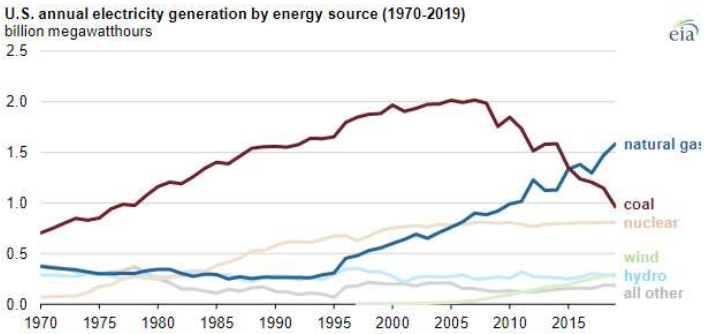


Forward 12-month NYMEX natural gas strip price - Jun20-May21:

Process Load-weighted $2.362/dth - w/o/w = ▼$0.195

Typical Heat Load-weighted $2.618/dth - w/o/w = ▼$0.152

US coal-fired electricity generation in 2019 falls to 42-year low:



Output from the US coal-fired generating fleet dropped to 966,000 gigawatthours (GWh) in 2019, the lowest level since 1976. The decline was the largest percentage decline in history (16%) and second-largest in absolute terms (240,000 GWh). Although lower electricity demand in 2019 was partly responsible for less coal-fired generation, the primary driver was increased output from natural gas-fired plants and wind turbines. Natural gas-fired generation reached an all-time record of nearly 1.6 million GWh in 2019, up 8% from 2018. Electricity generation from wind turbines also set a new record, surpassing 300,000 GWh, up 10% from 2018. The coal fleet's rate of operation, or utilization, decreased from 67% of its capacity in 2010, to 48% in 2019. The increased availability of low-priced natural gas has been the biggest factor in decreasing coal-fired generation. Highly efficient CCGT plants burning relatively low-cost natural gas have reduced the amount of time a coal plant is called on to dispatch power into the grid. This factor has lowered average coal plant utilization rates and pushed some coal plants into early retirement. Although coal at U.S. power plants has cost less than natural gas, for coal to be competitive, its delivered cost must be at least 30% lower to make up for the differences in efficiency between a typical coal-fired plant and a typical natural gas-fired plant. These differences are even larger for more efficient natural gas-fired combined-cycle plants. Coal plants must also offset higher costs for emission control equipment and other operations.

Excerpted from eia

"Even if I knew that tomorrow the world would go to pieces, I would still plant my apple tree." -Martin Luther[1]

[1]https://www.azquotes.com/quote/180782?ref=plant-a-tree