

## Newstracker:

-Natural gas spot price movements were mixed from Wednesday, April 29, to Wednesday, May 6 (the Report Week). The Henry Hub spot price rose from \$1.70 per million British thermal units (MMBtu) to \$1.88/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 increased 8¢, from \$1.869/MMBtu to \$1.944/MMBtu for the term of the Report Week. The price of the 12-month strip averaging June 2020 through May 2021 futures contracts climbed 2¢/MMBtu to \$2.557/MMBtu.

-The net injections into storage totaled 109 Bcf for the week ending May 1, compared with the five-year (2015-19) average net injections of 74 Bcf and last year's net injections of 96 Bcf during the same week. Working natural gas stocks totaled 2,319 Bcf, which is 395 Bcf (21%) more than the five-year average and 796 Bcf (52%) more than last year at this time.

- Total U.S. consumption of natural gas fell by 15.3% compared with the previous report week, according to data from IHS Markit. In the residential and commercial sectors, consumption declined by 38.2% driven by low consumption during the weekend. Natural gas consumed for power generation climbed by 0.5% week over week. Industrial sector consumption decreased by 11.8% week over week. Natural gas exports to Mexico decreased 5.3%.

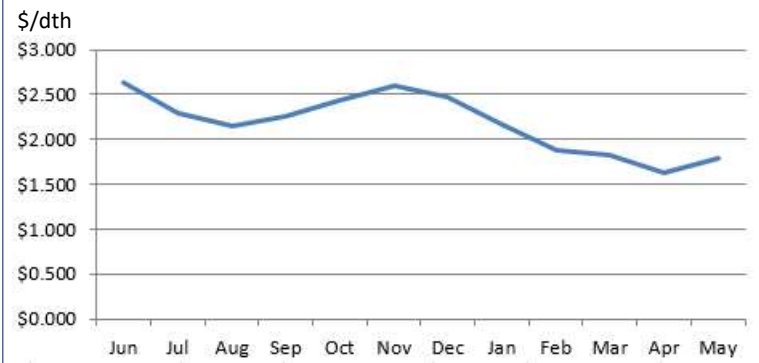
-US LNG exports increased week over week, with fifteen LNG vessels with a combined LNG-carrying capacity of 54 Bcf departing the US between April 30 and May 6, 2020, according to shipping data compiled by Bloomberg

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 25¢/MMBtu, averaging \$3.35/MMBtu for the week ending May 6. The prices of butane and isobutane fell by 3% and 6%, respectively. The price of propane remained flat week over week. High reliance on ethane as petrochemical feedstock resulted in ethane prices rising 20%. Natural gasoline prices rose by 31%.

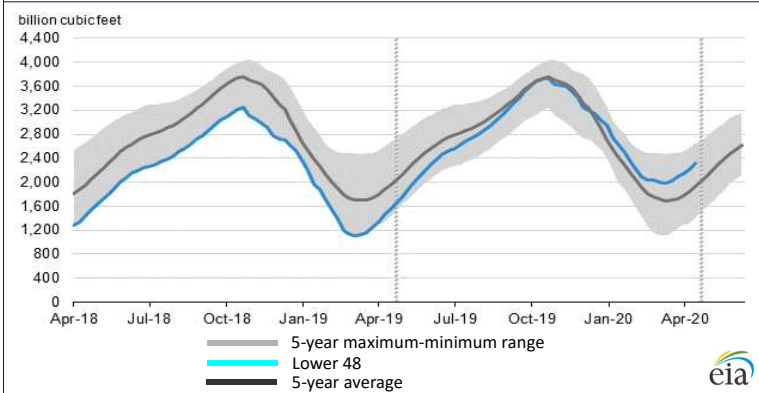
-According to Baker Hughes, for the week ending Tuesday, April 28, the natural gas rig count decreased by 4 to 81. The number of oil-directed rigs fell by 53 to 325. The total rig count decreased by 57, and it now stands at 408.

Excerpted from 

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



## Working natural gas in underground storage as of May 1, 2020




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

Process Load-weighted \$2.557/dth - w/o/w = ▲\$0.022  
 Typical Heat Load-weighted \$2.770/dth - w/o/w = ▲\$0.005

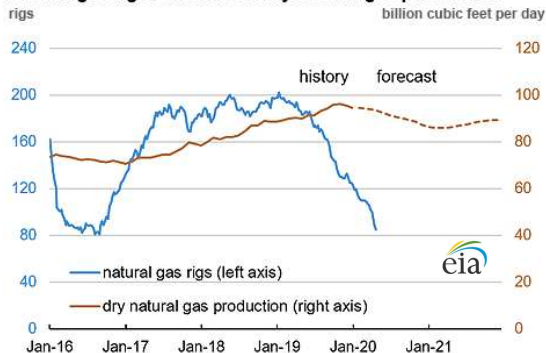
## Natural gas rig count falls to lowest level since 2016:

The number of active natural gas rigs in the US fell to 85 on April 21, the lowest number of active natural gas rigs since August 2016, according to data from Baker Hughes Company. As of that date, there were 38 fewer (31%) active natural gas rigs than at the beginning of 2020 and 101 fewer (54%) than last year at the same time. The natural gas rig count peaked at 202 rigs on January 8, 2019, the highest level since 2015. During January 2019, the Henry Hub spot price averaged \$3.05 per million British thermal units (MMBtu). By the beginning of 2020, the Henry Hub spot price averaged \$2.00/MMBtu, which is historically low for that time of year. One short-term factor contributing to the current low-price environment is lower demand related to unseasonably warm weather. A longer-term factor affecting the price decrease is related to rapid growth in dry natural gas production relative to consumption levels. Production rose in 2019 even though the rig count decreased, reaching a record-high 96.3 billion cubic feet per day (Bcf/d) of dry natural gas production in November. Since then, dry natural gas production has declined as relatively low natural gas prices have diminished the economic incentive for producers to drill new natural gas wells. Similarly, associated natural gas production has fallen as the lower price of oil has reduced the incentive to drill oil wells. Completion of drilled but uncompleted wells (DUCs) has likely offset some of the decrease in production from newly drilled wells; according to EIA's most recent Drilling Productivity Report, as of March 2020, the number of DUCs was 13% (1,052 DUCs) lower than the peak in May 2019. This drop indicates that more wells are being completed than are being drilled.

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## Natural gas rig count versus dry natural gas production



"The one thing that I know is that you win with good people." -Don Shula<sup>1</sup>