

Newstracker:

-Natural gas spot price movements were mixed from Wednesday, August 5 to Wednesday, August 12 (the Report Week). The Henry Hub spot price fell from \$2.18 per million British thermal units (MMBtu) to \$2.06/MMBtu from open to close of the Report Week.

-At the New York Mercantile Exchange (Nymex), the price of the September 2020 natural gas futures contract decreased 4¢, from \$2.191/MMBtu to \$2.152/MMBtu from open to close of the Report Week. The price of the 12-month strip averaging September 2020 through August 2021 futures contracts remained the same Wednesday to Wednesday at \$2.717/MMBtu.

-Net natural gas injections into storage totaled 58 Bcf for the week ending August 7, compared with the five-year (2015-19) average net injections of 44 Bcf and last year's net injections of 51 Bcf during the same week. Working natural gas stocks totaled 3,332 Bcf, which is 443 Bcf (15%) more than the five-year average and 608 Bcf (22%) more than last year at this time.

-Total US consumption of natural gas rose by 0.5% compared with the previous report week, according to data from IHS Markit. Feedgas to liquefied natural gas (LNG) terminals were the largest contributor to rising consumption this week, increasing 14% and rising from an average of 3.8 Bcf last week to 4.4 Bcf this week. Natural gas consumed for power generation climbed by 0.9% week over week. In the residential and commercial sectors, consumption increased by 1.9%. Industrial sector consumption decreased by 0.7% week over week. Natural gas exports to Mexico decreased 1.7%.

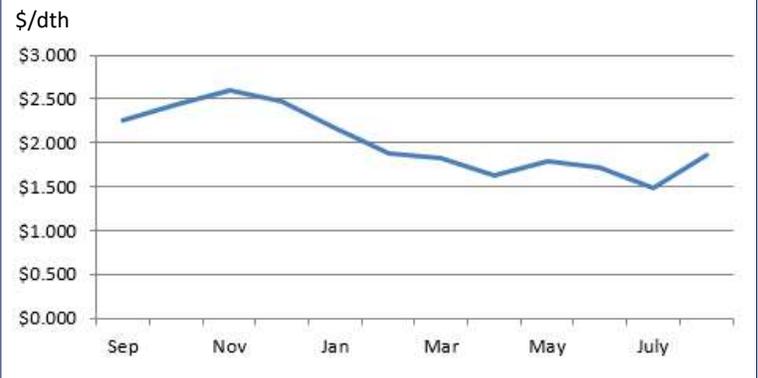
-US LNG exports increased week over week, with eight LNG vessels with a combined LNG-carrying capacity of 29 Bcf departing the US between August 6 and August 12, 2020, according to shipping data provided by Marine Traffic.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 14¢/MMBtu, averaging \$5.05/MMBtu for the week ending August 12. The price of isobutane fell by 9%. The prices of natural gasoline, ethane, butane, and propane rose by 9%, 5%, 5%, and 2%, respectively.

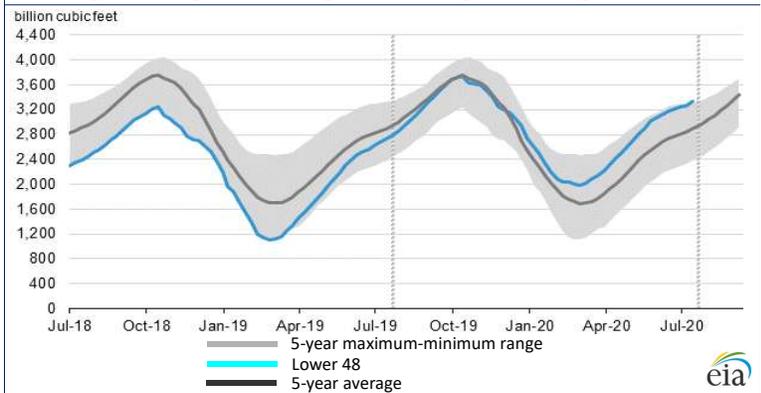
-According to Baker Hughes, for the week ending Tuesday, August 4, the natural gas rig count remained flat at 69. The number of oil-directed rigs fell by 4 to 176. The total rig count decreased by 4, and it now stands at 247

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Sep 2019 - Aug 2020:



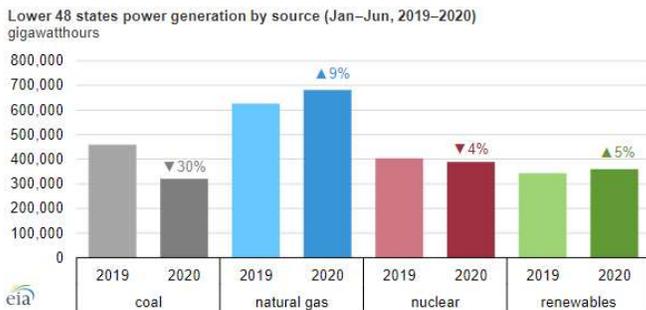
Working natural gas in underground storage as of August 7, 2020



Forward 12-month NYMEX natural gas strip price - Sep20-Aug21:

Process Load-weighted \$2.717/dth - w/o/w = ▲\$0.003
 Typical Heat Load-weighted \$2.853/dth - w/o/w = ▲\$0.001

More power generation came from natural gas in first half of 2020 than first half of 2019:



Natural gas-fired electric generation in the Lower 48 states increased nearly 55,000 gigawatthours (GWh), or 9%, in the first half of 2020 compared with the first half of 2019. Natural gas was the fastest-growing source of electric power generation during this period. The increase in natural gas-fired generation was the result of recent low prices and natural gas-fired power capacity additions, despite a 5% decline in total electricity generation. Natural gas-fired generation from electric power plants reached record-high levels on July 28 as summertime heat began reaching its seasonal peak. Coal-fired generation absorbed most of the decrease in electrical load in the first half of 2020, registering a 30% decline in output. Because of historically low natural gas prices so far in 2020, coal-fired generation this year has been uneconomical in most regions compared with natural gas-fired generation, leading to price-driven coal-to-natural gas fuel switching. Capacity additions have also contributed to the growth in natural gas-

fired generation. According to the Electric Power Monthly, about 18,000 megawatts (MW) of net capacity from new combined-cycle natural gas turbine plants has entered service since 2018. Output from these highly efficient plants has been steadily ramping up and helping to drive increases in generation. During the same 30-month period (January 2018-June 2020), about 31,000 MW of net capacity for coal-fired plants retired along with about 2,400 MW in net capacity for nuclear power plants. Natural gas-fired generation is facing increased competition from solar and wind capacity. Since 2018, about 23,200 MW of new net solar and wind capacity has been added. Renewable energy, consisting of wind, solar, and hydroelectric generation, has increased by about 5% and has been the only other fuel source other than natural gas to grow in the first half of 2020.

Excerpted from 

“People who have time on their hands will inevitably waste the time of people who have work to do.” -Thomas Sowell¹