

Newstracker:

-Natural gas spot prices rose at most locations from Wednesday, January 20 to Wednesday, January 27 (the Report Week). The Henry Hub spot price rose from \$2.42 per million British thermal units (MMBtu) \$2.71/MMBtu from Report Week open to close.

-At the New York Mercantile Exchange (Nymex), the February 2021 natural gas futures contract expired January 27 at \$2.702/MMBtu, up 16¢/MMBtu from the previous week. The March 2021 contract price increased to \$2.720/MMBtu, up 19¢/MMBtu from for the Report Week. The price of the 12-month strip averaging March 2021 through February 2022 futures contracts climbed 13¢/MMBtu to \$2.870/MMBtu.

-Net natural gas withdrawals from storage totaled 128 Bcf for the week ending January 22, compared with the five-year (2016-2021) average net withdrawals of 174 Bcf and last year's net withdrawals of 170 Bcf during the same week. Working natural gas stocks totaled 2,881 Bcf, which is 244 Bcf (9%) more than the five-year average and 78 Bcf (3%) more than last year at this time.

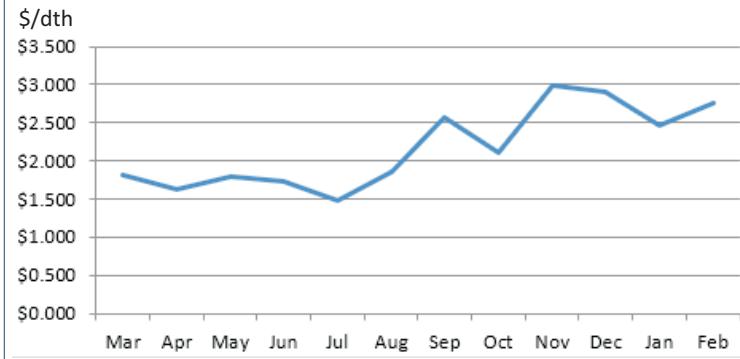
-Total US consumption of natural gas rose by 6.2% compared with the previous report week, according to data from IHS Markit. Natural gas consumed for power generation climbed by 2.0% week over week. In the residential and commercial sectors, consumption increased by 12.5%. Industrial sector consumption increased by 0.9% week over week. Natural gas exports to Mexico increased 7.2%. Natural gas deliveries to US liquefied natural gas (LNG) export facilities (LNG pipeline receipts) averaged 9.9 Bcf/d, or 0.9 Bcf/d lower than last week.

-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 25¢/MMBtu, averaging \$7.10/MMBtu for the week ending January 27. The prices of propane, butane, and isobutane fell by 6%, 5%, and 4%, respectively. The price of natural gasoline rose by 1%. The price of ethane remained flat week over week.

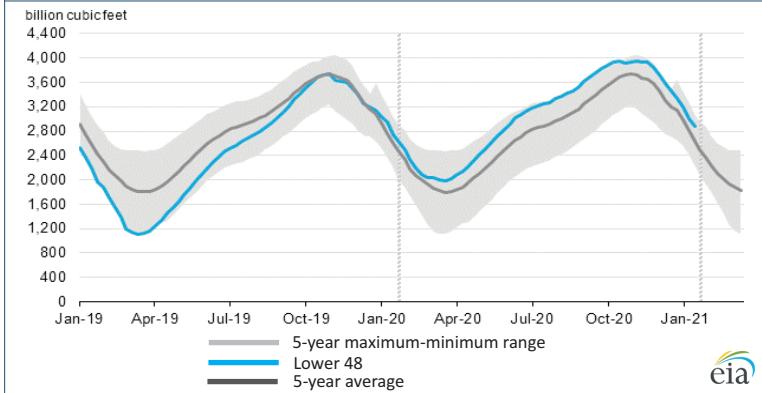
-According to Baker Hughes, for the week ending Tuesday, January 19, the natural gas rig count increased by 3 to 88. The number of oil-directed rigs rose by 2 to 289. The total rig count increased by 5, and it now stands at 378.

Excerpted from 

Monthly NYMEX Natural Gas Settle Price: Mar 2020 - Feb 2021:



Working natural gas in underground storage as of January 22, 2021

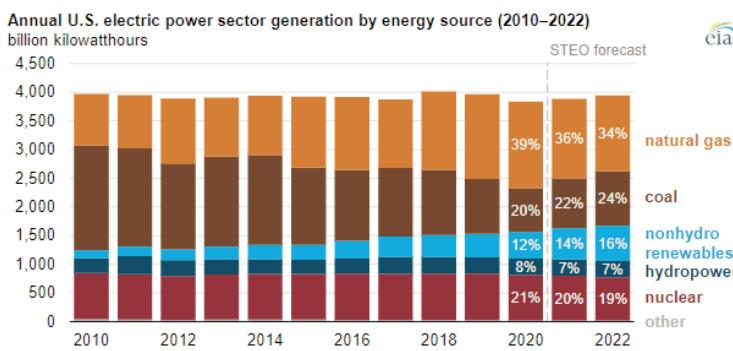



Forward 12-month NYMEX natural gas strip price - Mar21-Feb22:

Process Load-weighted \$2.870/dth - w/o/w = $\Delta \$0.132$
Typical Heat Load-weighted \$2.893/dth - w/o/w = $\Delta \$0.133$

EIA forecasts less power generation from natural gas as a result of rising fuel costs:

The US Energy Information Administration (EIA) forecasted on January 12, 2021 that generation from natural gas-fired power plants in the US electric power sector will decline by about 8% in 2021. This decline would be the first annual decline in natural gas-fired generation since 2017. Forecast generation from coal-fired power plants will increase by 14% in 2021, after declining by 20% in 2020. EIA forecasts that generation from non-hydropower renewable energy sources, such as solar and wind, will grow by 18% in 2021—the fastest annual growth rate since 2010. The shift from coal to natural gas marked a significant change in the energy sources used to generate electricity in the United States in the past decade. This shift was driven primarily by the sustained low natural gas price. In 2020, natural gas prices were the lowest in decades: the nominal price of natural gas delivered to electric generators averaged \$2.37 per million British thermal units (Btu). For 2021, EIA forecasts the average nominal price of natural gas for power generation will rise by 41% to an average of \$3.35 per million Btu, about where it was in 2017. In contrast, EIA expects nominal coal prices will rise just 6% in 2021. The large expected rise in natural gas prices is the primary driver in EIA's forecast that less electricity will be generated from natural gas and more electricity will come from coal-fired power plants in 2021 than in recent years. EIA expects about 36% of total U.S. electricity generation in 2021 will be fueled by natural gas, down from 39% in 2020. The forecast coal-fired generation share in 2021 rises to 22% from 20% last year. However, these forecast generation shares are still different from 2017, when natural gas and coal each fueled 31% of total U.S. electricity generation.




"Optimal nutrition is the medicine of tomorrow." -Linus Pauling¹