

Newstracker:

-Natural gas spot price movements were mixed for the Report Week of Wednesday, May 19 to Wednesday, May 26. The Henry Hub spot price remained flat at \$2.88/MMBtu.

-The June 2021 NYMEX contract expired May 19 at \$2.984/MMBtu. The July 2021 contract price remained unchanged for the Report Week at \$3.027/MMBtu. The price of the 12-month strip averaging July 2021 through June 2022 futures contracts climbed 1¢/MMBtu to \$3.004/MMBtu.

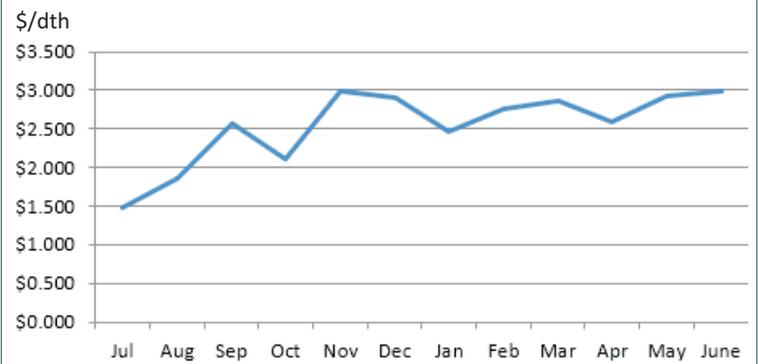
-Net natural gas injections into storage totaled 115 Bcf for the week ending May 21, compared with the five-year (2016-2020) average net injections of 91 Bcf and last year's net injections of 105 Bcf during the same week. Working natural gas stocks totaled 2,215 Bcf, which is 63 Bcf (3%) lower than the five-year average and 381 Bcf (15%) lower than last year at this time.

-Total US consumption of natural gas rose by 2.8% compared with the previous week, which was led by consumption in the power sector, according to data from IHS Markit. Natural gas consumed for power generation climbed by 15.4% week over week as higher than normal temperatures in the East and Midwest increased cooling demand. Industrial sector consumption decreased by 3.1% week over week. In the residential and commercial sectors, consumption declined by 17.1% due to low heating demand for most of the country. Natural gas exports to Mexico increased 1.3% to 6.2 Bcf/d. Natural gas deliveries to US LNG export facilities averaged 10.5 Bcf/d, or 0.22 Bcf/d higher than last week.

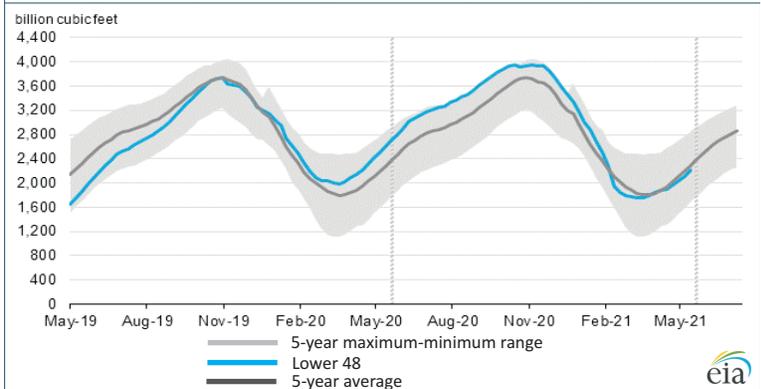
-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 7¢/MMBtu, averaging \$7.68/MMBtu for the week ending May 26. The price of ethane was relatively flat, falling 1% week over week. The prices of propane, butane, and isobutane all rose by 2%. Average weekly natural gasoline prices fell 2% week over week, as did Brent crude oil price.

-According to Baker Hughes, for the week ending Tuesday, May 18, the natural gas rig count decreased by 1 to 99. After strong gains in the past six months, the Haynesville play lost one rig in Louisiana for the second week in a row. The Haynesville play is still the only natural gas-oriented play in the US to record a rig count above year-ago levels. The number of oil-directed rigs rose by 4 to 356. The total rig count increased by 2, and it now stands at 455, which is 137 higher than the same week last year. Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Jul 2020 - Jun 2021:



Working natural gas in underground storage as of May 21, 2021

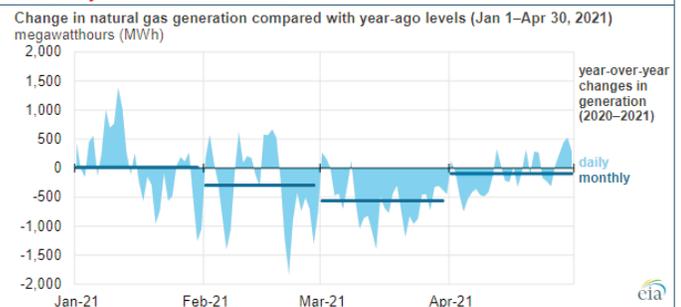


Forward 12-month NYMEX natural gas strip price - Jul21-Jun22:

Process Load-weighted \$3.004/dth - w/o/w = ▲ \$0.009
 Typical Heat Load-weighted \$3.093/dth - w/o/w = ▲ \$0.007

US natural gas electric generation in 2021 sees its first year-over-year decline in three years:

In the first four months of 2021, natural gas-fired electric generation in the Lower 48 states averaged 3,394 gigawatthours (GWh) per day, a nearly 7% decrease from the same period in 2020. The decline in natural gas generation during the first four months of this year is the result of higher natural gas prices and increased competition from renewables, and it is the first year-over-year decline since 2017. Overall, US electricity generation during the period increased 6.6% compared with 2020 because of colder winter weather. Natural gas-fired generation has been facing increased competition from renewable generation in the US because of recent record-high capacity additions to wind and solar power plants. Between May 2020 and February 2021, 22.5 GW of combined net wind and solar electric generating capacity additions came online in the US, a 15% increase. An additional 28.7 GW of wind and solar capacity is forecast to enter service during the remainder of 2021. In contrast, between May 2020 and February 2021, 4.8 GW of US natural gas capacity came online, a 1% increase. An additional 3.8 GW of natural gas capacity is forecast to come online during the remainder of 2021. U.S. natural gas prices have risen since April 2020 because of lower natural gas production and higher winter heating demand compared with the previous winter heating season. The US benchmark natural gas price at the Henry Hub averaged \$2.83/MMBtu from January through April 2021, despite a cold snap and record-high prices in mid-February. Higher US natural gas prices have made natural gas-fired generation relatively less competitive compared with coal-fired generation, prompting natural gas-to-coal fuel switching. Coal-fired generation has increased nearly 40% in the US during the first four months of 2021 compared with the same period in 2020 and accounts for 23% of total generation. Excerpted from eia



“The fairest thing in nature, a flower, still has its roots in earth and manure.” -D. H. Lawrence¹