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Energy Market Report

Report Date: August 7, 2021

Report Week: August 4, 2021 to August 11, 2021

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Newstracker:

-Natural gas spot price movements were mixed from Wednesday, August 4, to Wednesday, August 11 (the Report Week) as the Henry Hub spot price fell from $4.12/MMBtu to $4.07/MMBtu.

-For the Report Week, the price of the September 2021 NYMEX natural gas futures contract decreased 10¢, from $4.158/MMBtu to $4.059/MMBtu. The price of the 12-month strip averaging September 2021 through August 2022 futures contracts declined 4¢/MMBtu to $3.819/MMBtu.

-Net natural gas injections into storage totaled 49 Bcf for the week ending August 6, compared with the five-year (20162020) average net injections of 42 Bcf and last year's net injections of 55 Bcf during the same week. Working natural gas stocks totaled 2,776 Bcf, which is 178 Bcf (6%) lower than the five-year average and 548 Bcf (16%) lower than last year at this time.

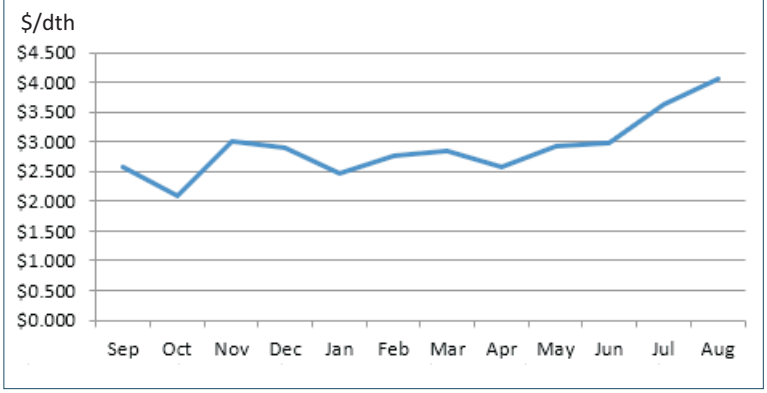
-With temperatures trending slightly warmer than average over the past week, total US consumption of natural gas rose by 2.3%, or 1.6 Bcf/d, compared with the previous report week, according to data from IHS Markit. Power generation and residential and commercial consumption rose by 3.2% and 5.6% (1.2 Bcf/d and 0.5 Bcf/d), respectively. Natural gas exports to Mexico increased 1.6%, or 0.1 Bcf/d. The industrial sector average volumes decreased slightly by 0.6%, or 0.1 Bcf/d, while average natural gas deliveries to US LNG export facilities dropped 6.3% from last week to 9.9 Bcf/d, 0.6 Bcf/d lower than last week.

-The composite price for natural gas plant liquids at Mont Belvieu, Texas, was relatively flat, falling by 3¢/MMBtu, or 0.3%, week over week and averaging $9.61/MMBtu for the week ending August 11. Propane and isobutane prices decreased by 1% while normal butane prices remained relatively unchanged. Natural gasoline prices fell by 2%. Ethane prices rose 4%.

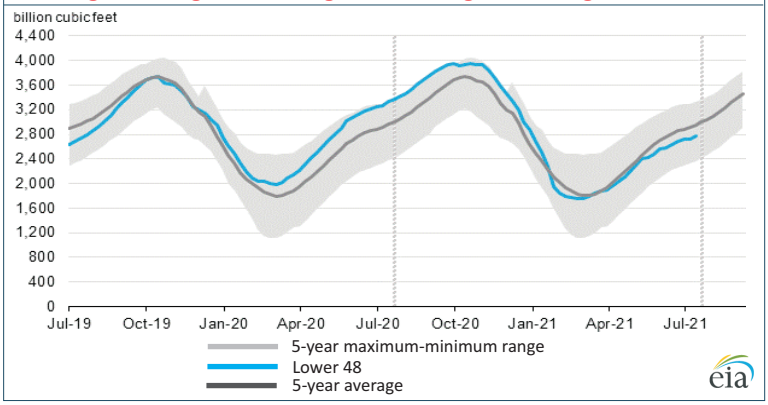
-According to Baker Hughes, for the week ending Tuesday, August 3, the natural gas rig count remained flat at 103. The number of oil-directed rigs rose by 2 to 387. The number of horizontal-drilling rigs continues to increase, reaching 449 this Report Week, the highest since April 2020. The number of vertical and directional drilling rigs has remained relatively flat and now accounts for 8.6% of all rigs, down from 15.7% in mid-September 2020. The total rig count increased by 3, and it now stands at 491.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Sep 2020 - Aug 2021:



Working natural gas in underground storage as of August 6, 2021



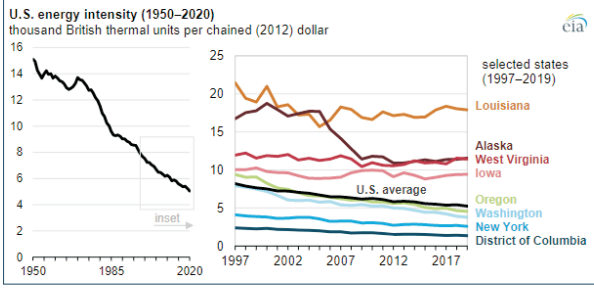
Forward 12-month NYMEX natural gas strip price - Sep21-Aug22:

Process Load-weighted $3.819/dth - w/o/w = ▼ $0.035

Heat Load-weighted $4.011/dth - w/o/w = ▼ $0.051

US energy intensity has dropped by half since 1983, varying greatly by state:

Energy intensity total energy consumption divided by GDPis a common energy indicator and efficiency measure. In 2020, US energy intensity reached a low of 5.05 Btu per chained 2012 dollar, down 4% from the previous year and less than half as energy intensive as the US was in 1983. Energy intensity varies greatly by state, and some states operate with much greater energy intensity than the US average. States with high energy intensity, such as Louisiana, Wyoming, North Dakota, Alaska, and West Virginia, all have energy-intensive industrial sectors and are all top fossil fuel energy producers. States with concentrated urban areas and relatively small industrial sectors tend to have lower energy intensities. New York has had the lowest energy intensity since 1997, the earliest year in state-level data. From 1997 to 2019, the average energy intensity across the US decreased by 36%. West Virginia and Iowa are notable exceptions to this trend. Since 1997, West Virginia's energy intensity has decreased 4%, the smallest change in energy intensity in any state. Iowa's energy intensity has decreased 6%, the second-smallest change. Both West Virginia and Iowa rely on energy-intensive industrial activities for significant portions of their economies: coal, crude oil, and natural gas extraction in West Virginia and agriculture, food, and biofuel production in Iowa. In 2019, West Virginia was the 5th-most energy-intensive state and had the 35th-largest energy consumption and 10th-lowest GDP. Iowa, whose energy consumption and GDP are both about twice as large as West Virginia's, was the 8th-most energy-intensive state. Oregon is the only state that was more energy intensive than the US average in 1997 but is now lower than the US average. From 1997 to 2019, Oregon's energy intensity decreased 51%. Only Washington's energy intensity decreased at a faster rate (52%). Over the past two decades, Oregon and Washington transitioned their economies from energy-intensive activities, such as forestry and agriculture, to less energy-intensive activities, such as electronics and information technology.



Excerpted from eia

"If you don't read the newspaper, you're uninformed. If you do read it, you're misinformed." -Denzel Washington with a nod to Mark Twain[1]

[1]https://www.youtube.com/watch?v=fW4BqUNdF4Y