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Energy Market Report

Report Date: December 10, 2021
Report Week: December 1, 2021 to December 8, 2021

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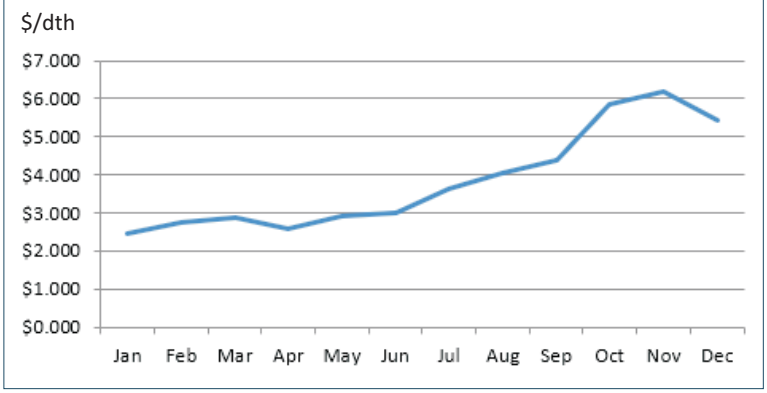
Newstracker:

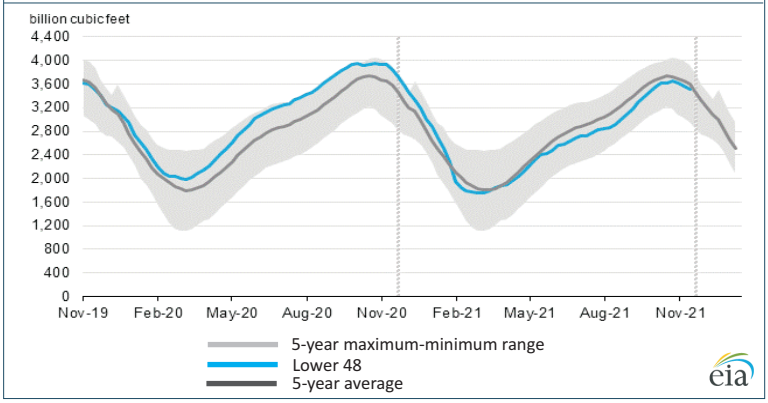
-Natural gas spot price movements were mixed from Wednesday, December 1 to Wednesday, December 8 (the Report Week), during which the Henry Hub spot price fell from $4.23/MMBtu to $3.79/MMBtu. International natural gas prices remain near record highs this Report Week: LNG cargos in East Asia for the rest of December fell $1.41/MMBtu to a weekly average of $35.06/MMBtu, and European LNG cargo prices rose for the fifth week in a row to a weekly average of $31.18/MMBtu. In the same week last year, prices in East Asia and in Europe were $7.57/MMBtu and $5.10/MMBtu.
-The price of the January 2022 NYMEX natural gas futures contract decreased $0.443 to $3.815/MMBtu for the Report Week. The price of the 12-month strip averaging January 2022 through December 2022 futures contracts declined 22.3 cents to $3.721/MMBtu.
-Net natural gas withdrawals from storage totaled 59 Bcf for the week ending December 3, compared with the five-year average net withdrawals of 55 Bcf and last year's net withdrawals of 78 Bcf during the same week. Working natural gas stocks totaled 3,505 Bcf, which is 90 Bcf (3%) lower than the five-year average and 356 Bcf (9%) lower than last year at this time.
-Total US natural gas consumption fell by 0.4% compared with the previous Report Week, according to data from IHS Markit. Power generation consumption rose by 2.5% w/o/w. Industrial sector consumption decreased by 0.5%. Residential and commercial sectors consumption declined by 2.6% as a result of above-normal daytime and nighttime temperatures across most of the US. Natural gas exports to Mexico fell by 1.6%. Natural gas deliveries to US LNG export facilities were 0.4% lower.
-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 43 cents/MMBtu, averaging $9.20/MMBtu for the week ending December 8. Propane prices fell 5%, following a mild start to the winter heating season and a counter-seasonal propane inventory build last week. Propane inventories rose 0.6 million barrels last week, the largest inventory build for this time of year in the past five years, compared with a five-year average 1.2 million barrel draw for the same week. NOAA forecasts a high probability of above-average temperatures through mid-December across most of the Midwest and Northeast regions, which will result in reduced propane heating demand for this time of year.
-According to Baker Hughes, for the week ending Tuesday, November 30, the natural gas rig count was unchanged at 102. The number of oil-directed rigs was also flat this week at 467.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Jan 2021 - Dec 2021:



Working natural gas in underground storage as of Dec. 3, 2021

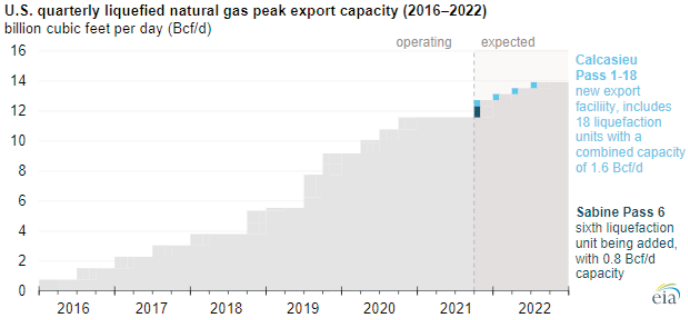


Forward 12-month NYMEX natural gas strip price - Jan22-Dec22:

Process Load-weighted $3.721/dth - w/o/w = ▼ $0.223
Heat Load-weighted $3.765/dth - w/o/w = ▼ $0.275

US LNG export capacity will be world's largest by end of 2022:

US LNG export capacity has grown rapidly since the Lower 48 states first began exporting LNG in February 2016. In 2020, the US became the world's third-largest LNG exporter, behind Australia and Qatar. Once the new LNG liquefaction units, called trains, at Sabine Pass and Calcasieu Pass in Louisiana are placed in service by the end of 2022, the US will have the world's largest LNG export capacity. The nameplate, or nominal, capacity of a liquefaction facility specifies the amount of LNG produced in a calendar year under normal operating conditions, based on the engineering design of a facility. Peak LNG production capacity is the amount of LNG produced under optimal operating conditions, including modifications to production processes that increase operational efficiency. In October 2021, the US Federal Energy Regulatory Commission (FERC) approved requests to increase authorized LNG production at the Sabine Pass and Corpus Christi LNG terminals by a combined 0.7 Bcf/d. The terminals will achieve these increases by optimizing operations, including production upgrades and modifications to maintenance. As of November 2021, estimated US LNG nominal liquefaction capacity is 9.5 Bcf/d and peak capacity is 11.6 Bcf/d. This peak capacity includes uprates to LNG production capacity at Sabine Pass and Corpus Christi. By the end of 2022, US nominal capacity is expected to increase to 11.4 Bcf/d, and peak capacity will increase to 13.9 Bcf/d, exceeding capacities of the two largest LNG exporters, Australia (which has an estimated peak LNG production capacity of 11.4 Bcf/d) and Qatar (peak capacity of 10.4 Bcf/d). In 2024, when construction on Golden Pass LNGthe eighth US LNG export facilityis completed and the facility begins operations. US LNG peak export capacity will further increase to an estimated 16.3 Bcf/d.



Excerpted from eia

"We consume our tomorrow fretting about our yesterdays." -Persius[1]

[1]https://www.brainyquote.com/quotes/persius_381744