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Energy Market Report

Report Date: February 18, 2022

Report Week: February 9, 2022 to February 16, 2022

Questions?
Ph: 888-351-0981
info@legacyenergy.com
www.legacyenergy.com

Newstracker:

-Natural gas spot prices rose at most locations from Wednesday, February 9 to Wednesday, February 16 (the Report Week), during which the Henry Hub spot price rose 33 cents to $4.39/MMBtu. International prices were mixed, with Bloomberg Finance, L.P. reporting that LNG swap prices in East Asia for the balance of February rose $0.53 to a weekly average of $24.82/MMBtu and prices at the Title Transfer Facility in the Netherlands falling $1.48 to a weekly average of $24.46/MMBtu.

-The price of the March 2022 NYMEX natural gas futures contract increased 70.8 cents to $4.717/MMBtu for the Report Week. The price of the 12-month strip averaging March 2022 through February 2023 futures contracts climbed 55.2 cents to $4.726/MMBtu.

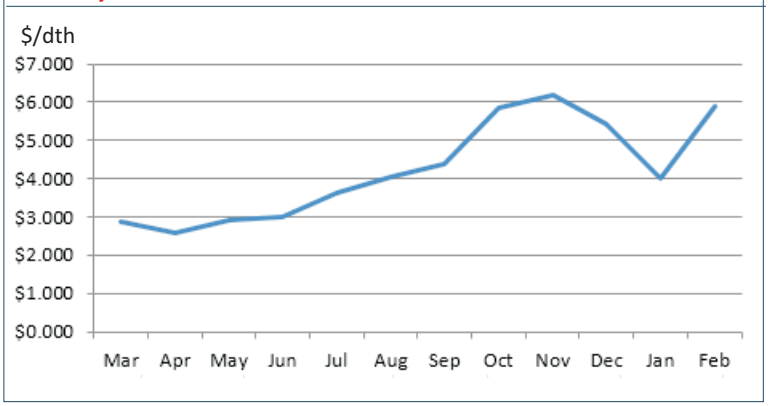
-Net natural gas withdrawals from storage totaled 190 Bcf for the week ending February 11, compared with the five-year average of 154 Bcf and last year's net withdrawals of 227 Bcf during the same week. Working natural gas stocks totaled 1,911 Bcf, which is 251 Bcf (12%) lower than the five-year average and 404 Bcf (17%) lower than last year at this time.

-Total US natural gas consumption fell 10.9% (11.3 Bcf/d) compared with the previous Report Week, according to data from IHS Markit: natural gas consumed for power generation decreased by 12.0% (3.6 Bcf/d); consumption in the residential and commercial sectors decreased by 15.0% (7.2 Bcf/d); industrial sector consumption decreased by 1.9% (0.5 Bcf/d); natural gas exports to Mexico increased 0.1%; and, natural gas deliveries to LNG export facilities averaged 12.6 Bcf/d, or 0.2 Bcf/d.

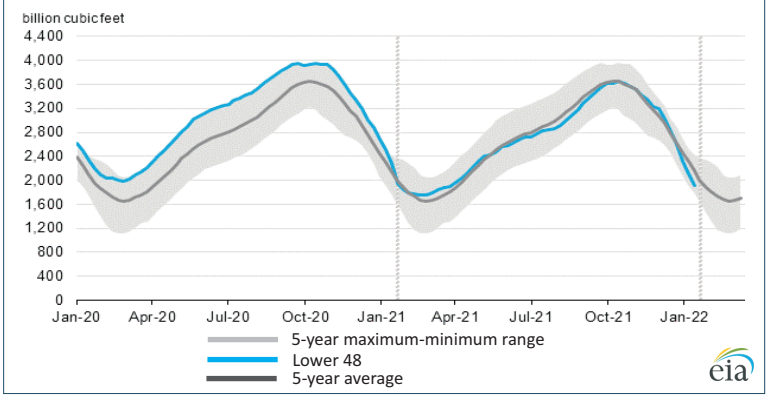
-The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 2 cents/MMBtu, averaging $11.18/MMBtu for the Report Week. Brent crude oil prices increased 2%. The natural gasoline price increased by 3%, normal butane by 2%, and isobutane and propane by 1%. The propane discount to crude oil increased by 6% for the week ending February 16. According to Baker Hughes, for the week ending Tuesday, February 8, the natural gas rig count increased by 2 to 118 rigs. The number of oil-directed rigs increased by 19 to 516 rigs; the largest week-over-week gain since February 2018. The total rig count now stands at 635, the highest count since April 3, 2020, and 238 rigs more than last year at this time.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Mar 2021 - Feb 2022:



Working natural gas in underground storage as of Feb 11, 2022



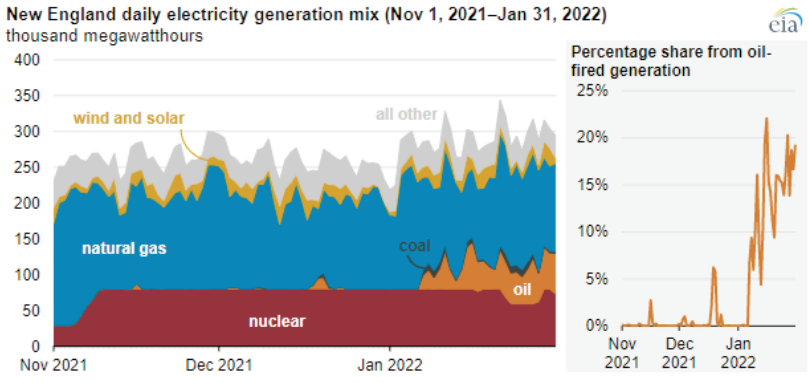
Forward 12-month NYMEX natural gas strip price - Mar22-Feb23:

Process Load-weighted $4.726/dth - w/o/w = ▲ $0.552

Typical Heat Load-weighted $4.792/dth - w/o/w = ▲ $0.546

Oil-fired generators helped meet electric demand in New England this January:

As strong winter storms and cold temperatures blanketed the northeastern US this January and increased the demand for electricity to heat homes and businesses, utilities used oil-fired generation to help meet electricity demand in New England. Although oil-fired generators are infrequently used in New England, they play an important role in meeting electricity demand in the region during times of high demand and limited supply of alternative fuel sources such as natural gas. Cold weather and constraints on natural gas pipelines to New England limit the availability of natural gas delivered to power plants during winter months. These constraints typically increase the price of natural gas in the region. In response, some generators may switch to lower cost or more readily available sources, including petroleum liquids. In addition, some generators that were offline may be brought online. Some generators can co-fire or switch between natural gas and petroleum sources such as distillate or residual fuel oil. Other generators are primarily fueled by oil and can be dispatched when the wholesale price of electricity is high enough that running the generator is economical. Of the approximately 35,000 megawatts (MW) of electric generating capacity in New England, petroleum liquids primarily fuel nearly 4,000 MW. Natural gas primarily fuels another nearly 7,000 MW that can switch to petroleum liquids.



Excerpted from eia

"I don't make jokes. I just watch the government and report the facts." -Will Rogers[1]

[1]https://www.brainyquote.com/quotes/will_rogers_100045