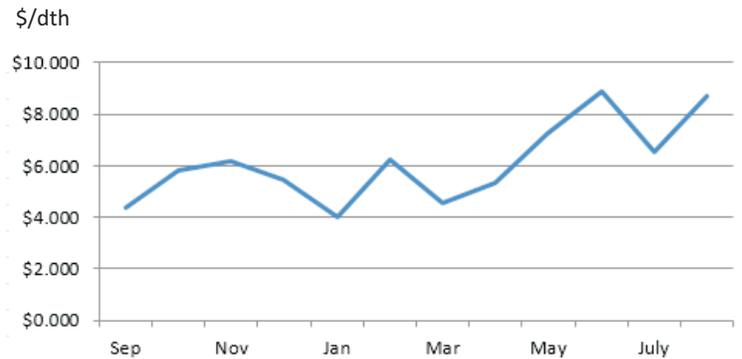


## Newstracker:

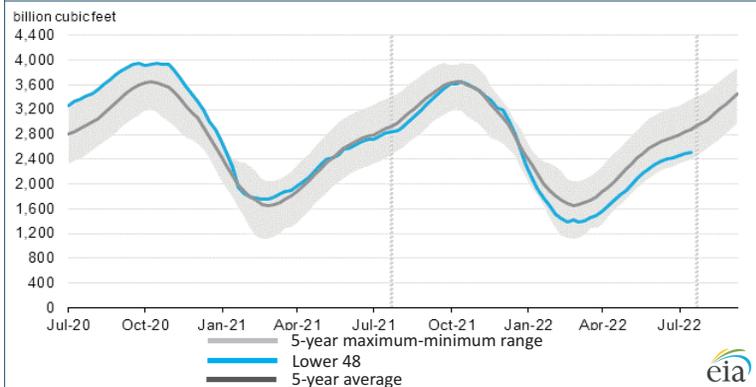
- Natural gas spot prices rose at most locations from Wednesday, August 10, to Wednesday, August 17 (the Report Week), during which the Henry Hub spot price rose \$1.62 to \$9.51/MMBtu.
- The price of the September 2022 NYMEX natural gas futures contract increased \$1.042 to \$9.244/MMBtu for the Report Week. The price of the 12-month strip averaging September 2022 through August 2023 futures contracts climbed 81.3 cents to \$7.545/MMBtu. Weekly average futures prices for LNG cargoes in East Asia increased \$5.33 to a weekly average of \$49.94/MMBtu, and natural gas futures for delivery at TTF in the Netherlands increased \$5.91 to a weekly average of \$65.07/MMBtu.
- Net natural gas injections into storage totaled 18 Bcf for the week ending August 12, versus the five-year average of 47 Bcf and last year's net injections of 46 Bcf during the same week. Working natural gas stocks totaled 2,519 Bcf, which is 367 Bcf (13%) lower than the five-year average and 296 Bcf (11%) lower than last year at this time.
- Total US consumption of natural gas fell by 8.0% (6.0 Bcf/d) compared with the previous Report Week driven by a 12.3% (5.4 Bcf/d) decline in natural gas consumed for electric power generation. Industrial sector consumption increased by 0.7% (0.1 Bcf/d). In the residential and commercial sectors, consumption declined by 7.6% (0.7 Bcf/d). Natural gas exports to Mexico increased 5.2% (0.3 Bcf/d). Natural gas deliveries to US LNG export facilities averaged 11.0 Bcf/d, or 0.2 Bcf/d higher than last week.
- The natural gas plant liquids composite price at Mont Belvieu, Texas, rose by 45 cents/MMBtu, averaging \$11.35/MMBtu for the Report Week. Natural gas prices at the Houston Ship Channel rose 11%. Brent crude oil prices fell 2% and propane prices remained relatively unchanged, so the propane discount to crude oil narrowed by 9%.
- For the week ending Tuesday, August 9, the natural gas rig count decreased by 1 rig from a week ago to 160 rigs. The number of oil-directed rigs increased by 3 rigs to 601 rigs. The total rig count is 763 rigs, which is 262 more than the same week last year.

Excerpted from 

## Monthly NYMEX Natural Gas Settle Price: Sep 2021 - Aug 2022:



## Working natural gas in underground storage as of August 12, 2022

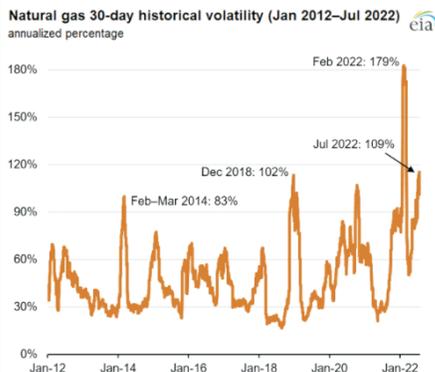


## Forward 12-month NYMEX natural gas strip price - Sep22-Aug23:

Process Load-weighted \$7.545/dth - w/o/w = ▲ \$0.813  
 Typical Heat Load-weighted \$8.241/dth - w/o/w = ▲ \$0.892

## US natural gas price volatility reached an all-time high in first-quarter 2022:

US natural gas price volatility reached the highest levels in 20 years in 1<sup>st</sup>-quarter 2022. The 30-day historical volatility of US natural gas prices, based on the Henry Hub front-month futures price, averaged 179% in February compared with the five-year (201721) average of 48%. Periods of high price volatility can occur as a result of increased uncertainty surrounding material changes in market conditions that affect natural gas supply and demand, such as freeze-offs, storms, unplanned pipeline maintenance and outages, significant departures from normal weather, changes in the disposition of inventory levels, the availability of substitute fuels, **the level of imports or exports**, or other sudden changes in demand. US natural gas price volatility is typically higher during the 1<sup>st</sup> quarter because of space-heating demand for natural gas.



Factors contributing to heightened volatility in the first three months of 2022 include weather-driven fluctuations in demand, a decrease in natural gas production from the end of 2021, declines in Lower 48 states' working gas levels, and **record US LNG exports to Europe**. Natural gas price volatility fell to an average 56% in April but has risen in subsequent months, averaging 109% in July. Contributing to this increase is both warmer-than-normal weather and increased domestic supply following the fire and subsequent outage of the Freeport LNG export terminal on June 8, 2022. The temporary shutdown of the Freeport LNG terminal resulted in demand for feed gas declining about 2 Bcf/d and generated a potential surplus in the domestic market. The immediate market reaction to the Freeport LNG outage was a decline in the Henry Hub futures price, which fell by 39% from June 10 to June 30. In July, however, temperatures across much of the US resulted in strong natural gas demand in the electric power sector, absorbing the Freeport LNG-related surplus and keeping natural gas inventories from rising faster. As a result, natural gas futures prices increased 52% from June 30 to July 29 amid high price volatility.

“People who have time on their hands will inevitably waste the time of people who have work to do.” -Thomas Sowell<sup>1</sup>