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Energy Market Report

Report Date: March 8, 2024
Report Week: February 28, 2024 to March 6, 2024

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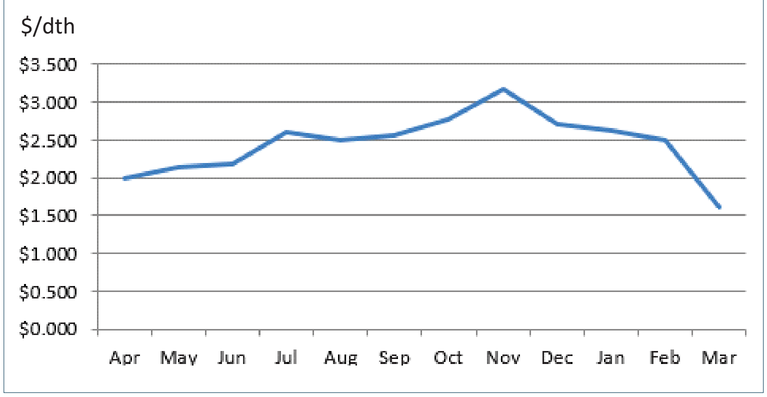
Newstracker:

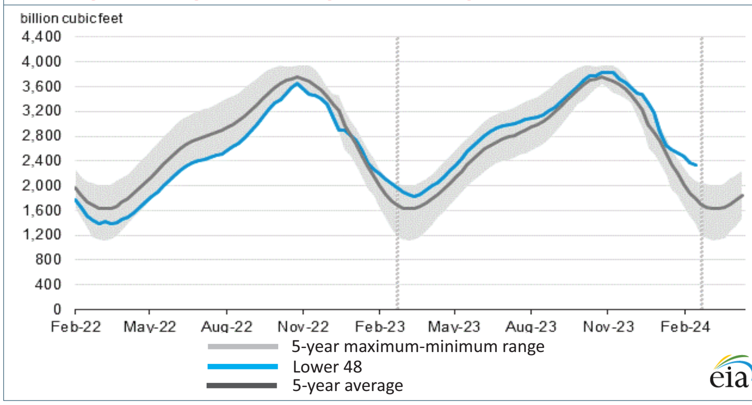
-US natural gas spot prices rose at most locations from Wednesday, February 28, to Wednesday, March 6 (the Report Week), during which the Henry Hub spot price rose 3 cents to $1.66/MMBtu.
-The April 2024 NYMEX contract price increased to $1.929/MMBtu, up 4.4 cents from last Report Week. The price of the 12-month strip averaging April 2024 through March 2025 futures rose 1.2 cents to $2.829/MMBtu. International natural gas futures prices increased this Report Week, with LNG cargoes in East Asia climbing 10 cents to a weekly average of $8.36/MMBtu, and prices at TTF in the Netherlands increasing 74 cents to a weekly average of $8.38/MMBtu. In the same week last year, prices were $14.21/MMBtu in East Asia and $13.66/MMBtu at TTF.
-Total US consumption of natural gas fell by 4.1% (3.5 Bcf/d) compared with the previous Report Week. In the residential and commercial sectors, consumption declined by 9.4% (2.8 Bcf/d), as warmer weather continued this week in the Northeast and Atlantic Coast, reducing space heating needs. Natural gas consumed for power generation declined by 1.4% (0.4 Bcf/d), and industrial sector consumption decreased by 0.9% (0.2 Bcf/d) week over week. Natural gas exports to Mexico increased 8.6% (0.5 Bcf/d). Natural gas deliveries to U.S. LNG export facilities averaged 13.4 Bcf/d, or 0.4 Bcf/d lower than last week.
-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 7 cents/MMBtu, averaging $7.46/MMBtu for the week ending March 6. Average weekly propane prices fell 3%, while Brent crude oil prices rose 2%, increasing the propane discount to crude oil by 14%.
-For the week ending Tuesday, February 27, the natural gas rig count decreased by 1 rig to 119 rigs. The number of oil-directed rigs rose by 3 rigs to 506 rigs. The total rig count, which includes 4 miscellaneous rigs, increased by 3 rigs and stands at 629.
-Net natural gas withdrawals from storage totaled 40 Bcf for the week ending March 1, compared with the five-year average net withdrawals of 93 Bcf and last year's net withdrawals of 72 Bcf during the same week. Working natural gas stocks totaled 2,334 Bcf, which is 551 Bcf (31%) more than the five-year average and 280 Bcf (14%) more than last year at this time.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Apr 2023 - Mar 2024:



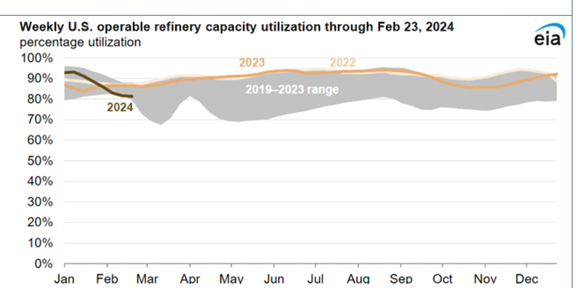
Working natural gas in underground storage as of Mar. 1, 2024



Forward 12-month NYMEX natural gas strip price - Apr24-Mar25:

Process Load-weighted $2.829/dth - w/o/w =▲$0.012
Typical Heat Load-weighted $3.146/dth - w/o/w =▲$0.019

Reduced refinery activity puts upward pressure on gasoline and diesel prices:



Since early January 2024, US refinery utilization has decreased 11%, falling as low as 81% during the two weeks ending February 9 and February 16, and briefly dropped below the five-year low. Although US retail average prices for gasoline and diesel are below 2023 prices for this time of year, decreasing regional inventories for the major US refining regions increased retail prices for both fuels last month. The sharp decline in refinery utilization is the result of reduced plant operations in both the Midwest and Gulf Coast regions and more intense seasonal patterns. The decline is also affecting inventories. The US Gulf Coast, the area with the largest drop in refinery utilization, has been the primary source of overall reduced US refinery runs. Since the first week of January, US Gulf Coast four-week average refinery utilization has decreased 14%, falling below 80% for the past two weeks. The reduced refinery runs are likely the result of weather-related issues stemming from cold temperatures, as well as planned maintenance. The current Gulf Coast refinery maintenance started earlier than normal and has had a larger impact on refinery operations. These maintenance shutdowns account for about 7% of total US capacity, or more than one million barrels per day of processing capacity. Planned refinery maintenance is typically seasonal and generally peaks during late February and March. In the Midwest, the region's largest refinery was taken offline because of an unplanned outage. This outage is also a major source of reduced utilization nationwide and the driving force behind a 10% drop in Midwest regional refinery utilization since the first week in January. Lower refinery production has led to decreased inventories of both motor gasoline and diesel in the US. At the end of last year, both the Midwest and Gulf Coast regions had above-average inventory levels but have since decreased significantly as refinery utilization has dropped. Inventories of both gasoline and diesel have now dropped below their 2023 levels. As of Monday, March 4, regional retail gasoline prices increased in all regions compared with the previous Monday. Low US Gulf Coast gasoline inventories will contribute to higher gasoline prices until more production is brought back online and stock levels increase.

"They give you a round bat and they throw you a round ball and they tell you to hit it square." -Willie Stargell[1]

https://www.brainyquote.com/quotes/willie_stargell_140069