

Natural Gas Market Report

February 16, 2017

Week Ending 2-10-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-114	-136	-156	-156	8
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2445	2748	2358	-152	-87

The NYMEX prompt month of March is trading at \$2.905/dth prior to the EIA releasing its weekly storage report. The last time the NYMEX settled below \$3.00/dth was in November 2016 at \$2.764/dth. The January 2017 settlement price of \$3.93/dth was the highest NYMEX settlement since December 2014 when it settled at \$4.282/dth. Only once (January 2015 at \$3.189/dth) has the settlement price been above \$3.00/dth since January 2015 until the three most recent monthly settlement prices: December - \$3.232/dth; January - \$3.93/dth; and February - \$3.391/dth. However, the current NYMEX price of \$2.91/dth is much above the settlement price for March 2016 which was \$1.711/dth.

It was estimated that the withdrawal from storage reported by the EIA later today would be in the 115 – 125 Bcf range. Last week the EIA reported a 152 Bcf withdrawal. The prior year's withdrawal was 136 Bcf and the 5-year average withdrawal is 156 Bcf. The current inventory is 2.445 Tcf which is 303 Bcf below the prior year and 87 Bcf above the 5-year average. The actual withdrawal from storage reported by the EIA today was 114 Bcf.

NYMEX NG Price Summary Data as of 2-15-2017		
Term	Price Per MMBtu	Change
Mar 17	2.925	0.020
Apr 17	3.037	0.032
May 17	3.113	0.029
Jun 17	3.177	0.024
Jul 17	3.235	0.018
Aug 17	3.249	0.017
Sep 17	3.240	0.018
Oct 17	3.256	0.015
Nov 17	3.307	0.009
Dec 17	3.432	0.003
Jan 18	3.520	0.000
Feb 18	3.487	0.006

Near term weather forecasts call for warmer than normal temperatures throughout most of the country which should reduce heating load and thus reduce the storage withdrawals. However, some weather models are showing cooler than normal temperatures toward the end of the month into early March which will likely keep prices near the \$3.00/dth level. The market is still about the weather and its reaction to forecasts which impact both the heating and power sectors.

The 12-month strip is trading at \$3.248/dth; the 24-month strip is trading at \$3.111/dth; and the 36-month strip is trading at \$3.020/dth. The technical outlook shows support levels in the \$2.80 – 2.90/dth range and resistance levels at \$3.05 – \$3.20/dth.

The natural gas drilling rig count continues to climb as Baker Hughes is reporting an increase again this week of 4 rigs for a total of 149 as compared to 102 in 2016.