

Natural Gas Market Report

March 16, 2017

Week Ending 3-10-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-53	9	-85	261	4
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2242	2478	1847	-68	395

Since last week the daily NYMEX futures price for the prompt month has closed around the \$3.00/dth range. This morning the futures are down 6.1 cents to \$2.92/dth ahead of the release of the EIA storage report. It is anticipated that the withdrawal reported by the EIA will be within the range of 50 – 60 Bcf. Prompt month pricing has been supported by the cooler than normal temperatures as the arctic cold front moves across the mid-section of the country to New England over this last few days. With more moderate temperatures forecast in the coming weeks, prices will likely fall to the \$2.65 – 2.85/dth range. The technical outlook shows support between \$2.65 - \$2.85/dth and resistance between \$2.98 - \$3.07/dth.

Baker Hughes reports that the current natural gas rig count stands at 151, which is an increase of 5 from the last report and represents a significant increase from 97 rigs at this time last year. However, natural gas production remains around 70.5 Bcf this week, suggesting the new production is not yet going to the marketplace but rather waiting on new capacity in the pipelines.

NYMEX NG Price Summary Data as of 3-15-2017		
Term	Price Per MMBtu	Change
Apr 17	2.981	0.043
May 17	3.040	0.047
Jun 17	3.100	0.040
Jul 17	3.160	0.039
Aug 17	3.182	0.038
Sep 17	3.167	0.039
Oct 17	3.182	0.039
Nov 17	3.230	0.034
Dec 17	3.342	0.031
Jan 18	3.421	0.027
Feb 18	3.391	0.026
Mar 18	3.313	0.023

Withdrawals from storage have been smaller than the five-year average in six of the past seven weeks. Today the EIA reported a withdrawal from storage of 53 Bcf which brings the current inventory to 2,242 Tcf with 4 weeks remaining in the traditional withdrawal season. This compares to last year's 9 Bcf injection and the five-year average withdrawal of 85 Bcf. This results in inventory levels at 236 Bcf below last year and 395 Bcf above the five-year average.

Another interesting note is that the warmer temperatures of the last two years have resulted in a lower than average heating demand. December 2016 – February 2017 was the second warmest since 1950. Early in this year's winter season, with colder weather than in the recent past, NYMEX prompt month prices rose to a two-year high of \$3.99/dth before falling as a result of milder weather to \$2.56/dth. This last week's prices gained ground - back above \$3.00/dth for the first time in a month. This compares to last year when April NYMEX futures prices settled at \$1.903/dth, or a difference of \$1.10/dth.