

Natural Gas Market Report

March 2, 2017

Week Ending 2-24-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
7	-67	-132	-194	6
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2363	2550	2068	-89	-295

The news this week is the unseasonably low storage withdrawal, or possibly an injection, expected when the EIA releases its report. With the warm weather and above normal temperatures, the estimated withdrawal from storage is between 5 – 12 Bcf. Last week the EIA reported an 89 Bcf withdrawal. The prior year withdrawal was 67 Bcf and the 5-year average withdrawal is 132 Bcf. The current inventory is 2.363 Tcf which is 187 Bcf below the prior year and 295 Bcf above the 5-year average. The actual volume reported by the EIA was an injection of 7 Bcf.

The March NYMEX price closed last Friday at \$2.627/dth. The March close was \$0.764/dth below the prior month's close of \$3.391/dth but \$0.916/dth above last year's NYMEX close for March. The March contract has closed only once in the last 5 years below this 2017 closing price. On Monday, the April contract fell \$0.094 to \$2.693/dth from Friday's close but is trading this morning, prior to the release of the EIA storage data, at \$2.781/dth.

NYMEX NG Price Summary Data as of 3-1-2017		
Term	Price Per MMBtu	Change
Apr 17	2.799	0.025
May 17	2.909	0.039
Jun 17	2.999	0.046
Jul 17	3.080	0.053
Aug 17	3.107	0.057
Sep 17	3.098	0.056
Oct 17	3.115	0.057
Nov 17	3.178	0.061
Dec 17	3.308	0.069
Jan 18	3.401	0.075
Feb 18	3.378	0.074
Mar 18	3.302	0.077

With warmer than normal weather predicted for the next 10 – 14 days for most of the country, prices could fall to the \$2.50 - \$2.55/dth range. Today the technical resistance is between \$2.90 - \$3.00/dth range and the support levels range between \$2.50 - \$2.60/dth.

U.S. natural gas production was up last week to a daily average of 70.5 Bcf representing a 0.4% increase. Shale production is up and expected to reach all-time highs of 48.6 Bcf/day in February and 49.1 Bcf/day in March, surpassing the previous record of 48.3 Bcf/day in August 2016. With higher prices the last half of 2016, drilling activity increased which will likely result in boosting the forecast for natural gas production in the coming year.