

Natural Gas Market Report

March 23, 2017

Week Ending 3-17-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-150	4	-21	-297	3
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2092	2491	1826	-53	266

The story of the week is the withdrawal volume from storage as reported by the EIA which is expected to be between 150–160 Bcf. This is one of the largest storage withdrawals on record for March and compares to last year's report of an injection of 4 Bcf. This unseasonably large withdrawal from storage is obviously a result of the extreme cold temperatures and record snowfalls in the upper Midwest and Northeastern United States last week. Natural gas demand was up last week by 24% compared to the previous week as both residential and commercial heating was up due to the cold temperatures. Platt's is reporting that demand for natural gas in March could exceed the February demand for the first time on record driven by colder temperatures in March and an increase in heating load.

NYMEX NG Price Summary Data as of 3-22-2017		
Term	Price Per MMBtu	Change
Apr 17	3.011	0.082
May 17	3.073	0.082
Jun 17	3.145	0.074
Jul 17	3.210	0.067
Aug 17	3.235	0.063
Sep 17	3.221	0.060
Oct 17	3.234	0.058
Nov 17	3.283	0.051
Dec 17	3.400	0.044
Jan 18	3.479	0.042
Feb 18	3.446	0.040
Mar 18	3.360	0.038

(Sources: EIA, CME Group, Baker Hughes)

This morning, before the release of the EIA storage report, the prompt month NYMEX price was at \$3.04/dth trading up 2.9 cents from yesterday's close. It should be noted that each of the months in the NYMEX natural gas price summary is down from previously reported prices. Additionally, the 12-month strip price is down 5.8 cents, trading at \$3.258/dth; the 24-month strip price is down 4.1 cents trading at \$3.098/dth; and, the 30-month strip price is down 2.8 cents trading at \$3.010/dth. Winter 17/18 is trading at \$3.394/dth, down 4.3 cents. The technical indicators show support between \$2.85 – \$2.95/dth and resistance between \$3.10 - \$3.20/dth. Some are predicting that May pricing will range between a high of \$3.15/dth and a low of \$2.85/dth.

The actual withdrawal from storage as reported by the EIA this morning was 150 Bcf. As noted above, this compares to a 4 Bcf injection last year and a 5-year average withdrawal of 21 Bcf. The current inventory balance is 2.092 Tcf which is 399 below the prior year and 266 Bcf above the 5-year average.

Baker Hughes's latest report shows the natural gas rig count continuing to increase at 157, up 6 from the previous report and significantly greater than this time in 2016 when the rig count stood at 94.

Note that the April NYMEX futures contract will settle next Wednesday, March 29th.