

Natural Gas Market Report

March 30, 2017

Week Ending 3-24-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-43	-19	-27	-425	2
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2049	2472	1799	-150	-250

The NYMEX futures price for April settled yesterday at \$3.175/dth, the third time in the last four months that the NYMEX settlement price was above \$3.00/dth. The last time the settlement price exceeded \$3.00/dth for three of four months was the last quarter on 2014. The average NYMEX settlement prices for the first four months of the year for the previous 5 years are: 2013 - \$3.49/dth; 2014 - \$4.850/dth; 2015 - \$2.884/dth; 2016 - \$2.043/dth; and, 2017 - \$3.292/dth. The average NYMEX settlement prices for the first four months for 2017 is ahead of last year by \$1.249/dth but behind the 2014 average of \$4.850/dth by \$1.558/dth.

NYMEX NG Price Summary Data as of 3-29-2017		
Term	Price Per MMBtu	Change
Apr 17	3.175	0.079
May 17	3.231	0.054
Jun 17	3.299	0.048
Jul 17	3.361	0.044
Aug 17	3.381	0.042
Sep 17	3.366	0.040
Oct 17	3.376	0.039
Nov 17	3.421	0.039
Dec 17	3.535	0.038
Jan 18	3.609	0.036
Feb 18	3.566	0.032
Mar 18	3.472	0.030

The May NEMEX futures contract opened this morning at \$3.21/dth, down from yesterday's close by 3 cents. The current technical indicators show a resistance level of between \$3.26 - \$3.34/dth and a support range of between \$3.13 - \$3.19/dth. With two weeks remaining in the traditional injection season, the near term, 7 - 14 days, weather outlook calls for warmer than normal temperatures throughout the country.

The estimated storage withdrawal reported by the EIA ranges between 45- 55 Bcf. This volume represents about 100 Bcf less than reported last week. The prior year's withdrawal was 19 Bcf and the 5-year average withdrawal is 27 Bcf. So, today's withdrawal volume of 43 Bcf reported by the EIA is 24 Bcf above last year and 16 above the 5-year average of 27 Bcf. The current storage inventory is 2.049 Tcf.

(Sources: EIA, CME Group, Baker Hughes)

Although there is a significant increase in natural gas rigs working as compared to last year, production has averaged 3 Bcf/day below 2016 production levels. In addition, the total US gas production has yet to rise above 71 Bcf/day in 2017. Demand has decreased in the power sector but increased in the areas of LNG exports and pipeline exports to Mexico.