

Natural Gas Market Report

March 9, 2017

Week Ending 3-3-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-68	-63	-136	-219	5
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2295	2487	1932	7	-363

The prompt month of NYMEX trading this morning, prior to the release of the EIA storage report, is up from yesterday's close by \$0.035/dth at \$2.936/dth which is up \$0.155/dth from this time last week. This price increase over last week is a result of cooler than anticipated weather in recent days and prices are expected to remain at current levels or increase as some forecasts call for continued below normal temperatures in the near term. The technical outlook suggests support in the \$2.65 - \$2.78/dth range and resistance between \$2.95 - \$3.05/dth. Longer term forecast (8 -14 days) shows warmer than normal temperatures throughout the country, which will likely result in natural gas prices declining from current levels.

NYMEX NG Price Summary Data as of 3-8-2017		
Term	Price Per MMBtu	Change
Apr 17	2.901	0.077
May 17	2.981	0.060
Jun 17	3.058	0.050
Jul 17	3.122	0.041
Aug 17	3.148	0.038
Sep 17	3.137	0.036
Oct 17	3.156	0.035
Nov 17	3.219	0.034
Dec 17	3.348	0.026
Jan 18	3.434	0.022
Feb 18	3.403	0.019
Mar 18	3.318	0.016

(Sources: EIA, CME Group, Baker Hughes)

Last week's rare February injection of 7 Bcf into storage is the first time this has occurred in the 23 years of record keeping, obviously, a result of above normal temperatures. December 2016 production levels averaged 71.3 Bcf/day which were the second lowest in 2016 and represented a decline of 2.2% year-over-year. EIA projects increases in LNG exports in the coming years as new LNG facilities are being completed and will come on line between now and 2019 when the expected export capacity will reach 9.4 Bcf/day as compared to current capacity at the beginning of 2017 of 2.3 Bcf/day. The growth in LDC exports will account for approximately half of the total projected growth through 2020 and will account for 13% of production/supply levels by 2020.

It is anticipated that the storage report this week will be in the range of 55 – 65 Bcf. The prior year's withdrawal was 63 Bcf and the 5-year average withdrawal is 136 Bcf. The current working gas inventory is 2.363 Tcf which is 192 Bcf below the prior year and 363 Bcf above the 5-year average. The actual withdrawal reported by the EIA this morning was 68 Bcf.

As you can see in the chart each of the NYMEX natural gas monthly prices are up for the coming year. Also, the NYMEX strip prices are at \$3.185/dth for the 12-month strip; \$3.067/dth for the 24-month strip; and, \$2.999/dth for the 36-month strip.