

## Natural Gas Market Report

April 13, 2017

Week Ending 4-7-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
10	-1	12	65	30
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2061	2477	1798	2	263

The May NYMEX futures contract is trading at \$3.20/dth this morning as compared with \$3.29/dth this time last week. The prompt month NYMEX contract has bounced around for the last week with no certain trend either upward or downward. However, prices have increased overall as you see all the green in the annual NYMEX Natural Gas Price Summary below. Each month from the prompt month through June of 2018 are trading higher. Additionally, the longer view shows that the 12-month strip is up 3.1 cents to \$3.373/dth; the 24-month strip is up 1.9 cents to \$3.165/dth; and, the 36-month strip is up 1.3 cents to \$3.051/dth. The technical support is in the range of \$3.00 - \$3.10/dth and the resistance range is between \$3.20 - \$3.31/dth. If the current pricing trend holds and the May NYMEX price closes above \$3.00/dth, it will be the first time that 4 out of the first 5 months of the year have closed above \$3.00/dth since 2014.

NYMEX NG Price Summary Data as of 4-12-2017		
Term	Price Per MMBtu	Change
May 17	3.187	0.037
Jun 17	3.262	0.038
Jul 17	3.332	0.036
Aug 17	3.362	0.037
Sep 17	3.355	0.038
Oct 17	3.370	0.036
Nov 17	3.423	0.033
Dec 17	3.554	0.030
Jan 18	3.627	0.029
Feb 18	3.588	0.025
Mar 18	3.492	0.021
Apr 18	3.927	0.012

The average NYMEX price for the first four months of 2017 is \$3.292/dth which is higher by \$1.249/dth than last year at \$2.043/dth and greater by 40.8 cents than 2015 at \$2.884/dth. However, in 2014 the average NYMEX price for the first four months of the year was \$4.85/dth which is higher by \$1.558/dth than 2017.

The estimates this morning are that the EIA will report an injection into storage in the range of 7 – 17 Bcf. After the reported injection of 10 Bcf today by the EIA, the current inventory is 2.061 Tcf which is 416 Bcf below last year and 263 Bcf above the 5-year average. Last year this week showed a withdrawal of 1 Bcf and the 5-year average for this week was an injection of 12 Bcf into storage.

Non-weather events which have recently impacted the market include reduced production, nuclear outages and strong exports. The temperatures are forecasted to be above normal throughout the entire county in the coming 7 – 14 days which could reduce demand and force prices down, possibly below the \$3.00/dth range.

(Sources: EIA, CME Group, Baker Hughes)

As we are at the end of the withdrawal season, there is a shortfall of natural gas in storage of 17% as compared to a year ago. This is a result of increased LNG exports, greater industrial demand, larger exports to Mexico and a reduction in production by 2.5 Bcf/day.