

## Natural Gas Market Report

April 6, 2017

Week Ending 3-31-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
2	6	-13	-851	1
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2051	2478	1786	-43	265

**NYMEX PRICING:** The May contract price has increased from last week and was trading at \$3.29/dth before the release of this week's storage report. This is an increase of \$0.06/dth since last Wednesday's settlement of \$3.23/dth. The entire 12-month strip also increased from last week but to a lesser extent than the May contract. The 12-month strip settled Wednesday at \$3.43/dth compared to last week's price of \$3.40/dth. The May contract will settle on Wednesday, April 26.

**STORAGE:** This week's expectation is an injection into storage and estimated to be 5 to 10 Bcf. This compares to last year's injection of 6 Bcf and the five-year average withdrawal of 13 Bcf. The actual injection reported by the EIA was 2 Bcf. This results in a current storage level of 2.051 Tcf compared to last year's level of 2.478 Tcf and the five-year average level of 1.786 Tcf.

NYMEX NG Price Summary Data as of 4-5-2017		
Term	Price Per MMBtu	Change
May 17	3.266	0.027
Jun 17	3.344	0.021
Jul 17	3.416	0.014
Aug 17	3.440	0.011
Sep 17	3.425	0.012
Oct 17	3.437	0.012
Nov 17	3.484	0.008
Dec 17	3.600	0.002
Jan 18	3.671	0.000
Feb 18	3.628	0.001
Mar 18	3.531	0.003
Apr 18	3.933	0.006

(Sources: EIA, CME Group, Baker Hughes)

**WEATHER:** It is the time of year when weather and weather forecasts are expected to be moderate, and current forecasts for the next 1-2 weeks show mild trends. These forecasts may be keeping a cap on prices in the midst of other more bullish factors.

**TECHNICAL INDICATORS:** Today the technical indicators show support levels at \$3.19 to \$3.00/dth and resistance levels at \$3.39 to \$3.50/dth.

**INDUSTRY NEWS:** There are several non-weather factors that are contributing strength to the market. Natural gas demand for power generation is strong due to outages at nuclear generation facilities. In addition, natural gas production has not increased as expected from the strong increase in rig counts over the past year.

Regulatory approvals in January and February of 2017 for expansion of natural gas pipeline capacity (9.6 Bcf/d) were more than double the approvals for the same period last year (4.2 Bcf/d). These Jan/Feb approvals were also more than half of the new capacity approvals in all of 2016 (18.2 Bcf/d). This increased activity was largely due to the news that as of February 3, the FERC would be without a quorum until a new commissioner is appointed. Depending on the construction of these new projects, the Northeast could see additional capacity prior to next winter.

**PHYSICAL MARKET:** The cash prices at Henry Hub are also increasing and narrowing the gap with futures pricing. This convergence may also delay the weakening of pricing. Southeast cash prices have reached a 2-month high and prices in the central US also increased in response to below normal temperatures.