

## Natural Gas Market Report

June 8, 2017

Week Ending 6-2-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
106	68	94	62	22
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2631	2963	2394	81	237

After five sessions of losses beginning June 31<sup>st</sup> totaling \$0.254/dth, the July NYMEX natural gas price contract settled up on Tuesday but by only \$0.006/dth, at \$3.042/dth. This morning prior to the release of the EIA storage report the July natural gas NYMEX price is \$3.02/dth. The expectation is that the injection volumes will be reported between 90 – 100 Bcf. The actual volume reported by the EIA this morning was 106 Bcf. This compares to last year’s injection of 68 Bcf and the five-year average of 94 Bcf. The current inventory is 2.631 Tcf which is 332 Bcf below the prior year and 237 Bcf above the 5-year average.

NYMEX NG Price Summary Data as of 6-7-2017		
Term	Price Per MMBtu	Change
Jul 17	3.020	-0.022
Aug 17	3.054	-0.022
Sep 17	3.045	-0.017
Oct 17	3.071	-0.011
Nov 17	3.141	-0.005
Dec 17	3.276	-0.001
Jan 18	3.353	-0.002
Feb 18	3.337	-0.002
Mar 18	3.277	-0.007
Apr 18	2.887	-0.006
May 18	2.849	-0.006
Jun 18	2.880	0.005

(Sources: EIA, CME Group, Gas Daily)

The EIA has projected the second quarter Henry Hub natural gas spot prices to be \$3.14/dth and the third quarter forecast for spot prices to average \$3.20/dth. Both the second and third quarter price projections are down, but only slightly, from the EIA’s previous price projection report. The EIA has projected that the average Henry Hub natural gas price for 2017 will be \$3.16/dth. The average for the first 6-months of 2017 is \$3.257/dth. The EIA also projects that the natural gas spot price at Henry Hub will be \$3.41/dth for the calendar year of 2018. The average price for 2016 was \$2.51/dth.

Looking ahead, EPA acting Administrator Howard Gruenspecht said, “The amount of US electricity supplies from natural gas-fired generation is expected to decline this year in response to higher natural gas prices, as generation from coal, hydropower, wind and solar all increase”. Higher prices will however provide needed cash for exploration and production and natural gas production is expanded to grow after last year’s production decline which was the first the industry has seen in the 11 preceding years.

Weather outlook – the near-term forecast (6 – 10 days) calls for warmer than normal temperatures in the eastern half of the country and cooler in the northwest.

Technical factors – support lies within the range of between \$2.91 - \$3.02/dth and resistance between \$3.23 - \$3.40/dth.