

Natural Gas Market Report

July 27, 2017

Week Ending 7-21-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
17	20	53	67	15
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2990	3292	2879	28	111

As the August NYMEX contract is scheduled to settle today, the market has maintained its narrow trading range after declining from last week's higher prices. Last week, the August contract reached a 7-week high at \$3.088 per dth, but with the change in weather forecasts to 'normal' and 'below normal', the August price has declined to below \$3.00 per dth. Prior to Thursday's release of the storage report, August pricing was at \$2.92 per dth. This continues the relatively narrow trading range that has been the story of 2017, as the prompt month contract daily settle has been between \$2.80 and \$3.30 for over 80% of the trading days this year.

The September contract, which takes over the prompt month position on Friday, continues this pattern as it is trading almost equal to August. With September as the prompt month, the weather will be less of a factor than it was in the summer months. Technical support levels are at \$2.83 and \$2.89 per dth and resistance levels are at \$3.12 and \$3.25 per dth – all within the \$2.80-\$3.30 price band.

NYMEX NG Price Summary Data as of 7-26-2017		
Term	Price Per MMBtu	Change
Aug 17	2.924	0.020
Sep 17	2.914	0.017
Oct 17	2.952	0.011
Nov 17	3.032	0.008
Dec 17	3.183	0.007
Jan 18	3.275	0.007
Feb 18	3.262	0.004
Mar 18	3.205	0.005
Apr 18	2.838	0.004
May 18	2.803	0.006
Jun 18	2.827	0.006
Jul 18	2.852	0.005

The hot weather has had the expected impact on power demand as it reached a YTD high of 41 Bcf per day last week. On the supply side, US gas production also reached a YTD high last week at 72.7 Bcf per day, but this remains a slow response to the significant increase in the rig count since last year.

This week's storage injection was expected to be between 20 and 30 Bcf. The actual volume reported by the EIA was an injection of 17 Bcf, which is 3 below last year's injection of 20 Bcf and 36 below the 5-year average injection of 53 Bcf. The current inventory is now 2.99 Tcf, which is 302 Bcf below last year and 111 Bcf above the 5-year average. NYMEX pricing responded to this lower-than-expected injection with an increase of approximately \$.04/dth to \$2.96 per dth.