

Natural Gas Market Report

July 7, 2017

Week Ending 6-30-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
72	38	66	62	18
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2888	3173	2701	46	187

NYMEX prompt month natural gas future prices closed above \$3.00 per dth every day last week. On Wednesday of this week the prompt month was trading at \$2.91 per dth and this morning, prior to the release of the EIA storage report, the NYMEX prompt month was trading at \$2.94 per dth. It was anticipated that the EIA storage injection would be between 55 and 65 Bcf. The actual storage injection released by the EIA this morning was 72 Bcf which is 34 Bcf above last year's injection of 38 Bcf and 6 Bcf above the 5-year average of 66 Bcf. This week's injection brings total inventory to 2.888 Tcf which is 285 Bcf below last year and 187 Bcf above the 5-year average.

NYMEX NG Price Summary Data as of 7-6-2017		
Term	Price Per MMBtu	Change
Aug 17	2.888	0.048
Sep 17	2.881	0.044
Oct 17	2.908	0.043
Nov 17	2.967	0.039
Dec 17	3.122	0.037
Jan 18	3.217	0.036
Feb 18	3.204	0.036
Mar 18	3.149	0.033
Apr 18	2.790	0.021
May 18	2.757	0.015
Jun 18	2.784	0.013
Jul 18	2.812	0.012

(Sources: EIA, CME Group, Baker Hughes)

Henry Hub natural gas prices have averaged \$3.00 per dth since March 2017. During the same period a year ago, spot gas prices averaged only \$1.99 per dth. A lack of sustained heat so far this summer, a decline in power sector gas demand due to higher natural gas prices, and increasing natural gas production have all combined to limit price increases during June 2017. Natural gas production in the lower 48 increased last week by 0.3 Bcf per day to an average of 71.6 Bcf per day and natural gas drilling rigs increased by 1 to bring the total rig count to 184.

The weather outlook predicts warmer than normal temperatures for much of the country and cooler than normal temperatures are expected in the extreme southeast during the next 10 – 14 days.

The technical outlook shows resistance levels between \$3.00 - \$3.12 per dth and support levels between \$2.80 - \$2.62 per dth.

Crude Oil – WTI gained 2.5% last Friday to settle at \$46.04 per barrel. The WTI oil futures have risen for seven consecutive sessions, marking the longest streak for U.S. crude prices since August 2016; however, WTI oil prices remain down 14% since the start of 2017. Baker Hughes reported the first weekly decline in U.S. oil drilling rigs in six months, down 2 rigs with a total of 756 active oil rigs currently working.