

Natural Gas Market Report

August 17, 2017

Week Ending 8-11-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
53	23	50	76	12
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3082	3336	3027	28	55

This morning, prior to the release of the EIA storage report, the prompt month natural gas futures contract was trading at \$2.881 per dth. The estimate is an injection of 50 – 60 Bcf for the week ending August 11th. The prior year was an injection of 23 Bcf and the 5-year average was an injection of 50 Bcf. The current inventory balance is 3.082 Tcf which is 254 Bcf below last year and 55 Bcf above the 5-year average.

NYMEX NG Price Summary Data as of 8-16-2017		
Term	Price Per MMBtu	Change
Sep 17	2.890	0.045
Oct 17	2.925	0.040
Nov 17	3.005	0.035
Dec 17	3.148	0.031
Jan 18	3.247	0.031
Feb 18	3.239	0.031
Mar 18	3.194	0.027
Apr 18	2.870	0.022
May18	2.838	0.021
Jun 18	2.864	0.020
Jul 18	2.891	0.018
Aug 18	2.895	0.019

(Sources: EIA, CME Group, Baker Hughes)

Last week, on Friday, 8/11/17 the natural gas prompt month contract rallied 21 cents to close at \$2.983 per dth. For the first time this year prices have remained below \$3.00 per dth for an extended period of time. The lower prices are a result of two main factors: first, the mild weather throughout the country; and, the reduced power load which is a direct result of the below normal temperatures. Demand for power is down over 10% in August as compared to last year. Not only are all the prices in the NYMEX price summary chart in red as you can see, the 12-month, 24-month and 36-month prices are all down as well.

The current resistance range is between \$2.89 - \$2.99 per dth and the support range is between \$2.75 - \$2.85 per dth. It is believed by some that the prices need to fall below \$2.75 per dth to prove that lower prices are in our continued future. However, historically, August is typically the month where we see the low prices prior to the move to higher prices into the winter.

The weather forecast for the nearer term (6 – 10 days) call for normal temperature in the upper mid-west through the south and above normal temperatures in Florida and southern Texas and the longer look (8 – 14 days) call for above normal temperatures throughout the western third of the country and below normal temperatures from the central plains to the eastern seaboard.