

Natural Gas Market Report

August 24, 2017

Week Ending 8-18-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
43	12	53	80	11
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3125	3348	3080	53	45

In this week's opening session on Monday, the September NYMEX natural gas contract gained \$0.069 per dth selling at \$2.962 per dth. This morning, prior to the release of the EIA storage report, the prompt month was selling at \$2.954 per dth, up 2.6 cents from yesterday's close. The current market is having trouble getting past the \$3.00 per dth or below \$2.85 per dth. The cooler than normal temperatures seems to be keeping the price of the prompt month in check for now.

NYMEX NG Price Summary Data as of 8-23-2017		
Term	Price Per MMBtu	Change
Sep 17	2.928	0.011
Oct 17	2.960	0.008
Nov 17	3.033	0.004
Dec 17	3.176	0.001
Jan 18	3.273	0.000
Feb 18	3.269	0.002
Mar 18	3.231	0.000
Apr 18	2.907	0.004
May 18	2.872	0.004
Jun 18	2.896	0.004
Jul 18	2.920	0.003
Aug 18	2.924	0.004

(Sources: EIA, CME Group, Baker Hughes)

US natural gas production averaged 73 Bcf per day this last week and is 2.5% higher than this time last year. The EIA now predicts that the average production in the whole of 2017 will be 73.5 Bcf per day. Natural gas production in the Marcellus and Utica shale plays has increased nearly 1 Bcf per day since January to reach a record level of 24.1 Bcf per day in July. With this increase in production and supply outstripping demand in the northeast, regional spot gas prices have fallen to a -\$1 discount to Henry Hub this summer.

It was expected that the injection reported this week would be in the range of between 35 – 45 Bcf. The actual number was an injection of 43 Bcf. The prior year was an injection of 12 Bcf and the 5-year average was an injection of 53 Bcf. The current inventory balance is 3.125 Tcf which is 223 below the prior year and 45 Bcf above the 5-year average.

Technical indicators show a support level between \$2.75 - \$2.87 per dth and resistance level between \$3.01 - \$3.12 per dth.

The weather outlook for the next 14 days shows much below normal temperatures throughout the south all the way to the eastern seaboard. It is expected to be above normal temperatures in the western third of the country from southern California to Washington.