



Helping clients gain a competitive advantage through creative energy strategies

Natural Gas Market Report

October 5, 2017

Week Ending 9-29-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
42	76	91	98	5
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3508	3669	3516	58	8

The November NYMEX natural gas contact price is down in its first week of trading. Last Friday the NYMEX price for natural gas fell and settled at \$3.007 per dth. On Monday, the price declined again and settled at \$2.916 per dth. On Tuesday, the NYMEX price fell for the third day and settled at \$2.895 per dth. On Wednesday, the price reversed directions to end the day at \$2.94 per dth and this morning, the natural gas price for November is still trading near \$2.94 per dth prior to the release of the EIA storage report. Last year the NYMEX settlement price for November was \$2.764 per dth; however, the average settlement price for the last five years for November is \$3.005 per dth, with the high being \$3.728 in 2014 and the low at \$2.033 in 2015.

NYMEX NG Price Summary Data as of 10-4-2017		
Term	Price Per MMBtu	Change
Nov 17	2.940	0.045
Dec 17	3.122	0.037
Jan 18	3.247	0.030
Feb 18	3.248	0.026
Mar 18	3.201	0.025
Apr 18	2.933	0.027
May 18	2.903	0.027
Jun 18	2.932	0.027
Jul 18	2.959	0.028
Aug 18	2.962	0.028
Sep 18	2.943	0.029
Oct 18	2.967	0.030

(Sources: EIA, CME Group, Baker Hughes)

The current prices are close to the lowest levels since early August. One contributing factor is the elevated production levels that remain strong with little demand for heating due to higher than normal temperatures for October in the eastern third of the country for both the immediate and longer term. However, there remains strong and solid support in the \$2.90 – \$3.05 per dth range and a high probability of prices reaching the \$3.20 - \$3.25 per dth range toward the end of the month.

It is estimated that the injection for the week will be between 47 – 53 Bcf. The actual injection reported this morning by the EIA was 42 Bcf, which compares to 76 Bcf last year and a five-year average of 91 Bcf. This brings the current inventory to 3.508 Tcf which is 161 Bcf below last year and 8 Bcf below the five-year average.

Crude oil rose to a 5-month high last week but is now trading down about 2% at \$50.20 per barrel earlier this week. The oil rig count added 6 this last week to bring the total count to 750. This represents an increase of 76% over last year. The natural gas rig count decreased by 1 last week to bring the total working rigs to 189 as compared to only 96 last year.