

Weekly Energy Report

for the week of June 1, 2017

Week Ending 5-26-2017	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
81	80	97	64	23
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2525	2895	2300	75	225

The NYMEX June settlement price was \$3.236 per dth, which is up \$1.273 per dth over last year's price of \$1.963 per dth. The average NYMEX settlement price for the first 6-months of 2017 is \$3.257 per dth as compared to the first 6-months of 2016 which was \$2.022 per dth. The 2017 prices have increased \$1.235 per dth from the previous year. Recently,

NYMEX NG Price Summary Data as of 5-31-2017		
Term	Price Per MMBtu	Change
Jul 17	3.071	-0.074
Aug 17	3.071	-0.074
Sep 17	3.109	-0.072
Oct 17	3.095	-0.072
Nov 17	3.120	-0.071
Dec 17	3.184	-0.069
Jan 18	3.317	-0.065
Feb 18	3.400	-0.060
Mar 18	3.381	-0.059
Apr 18	3.313	-0.055
May 18	2.884	-0.025
Jun 18	2.838	0.019

(Sources: EIA, CME Group, Baker Hughes)

however, prices are generally trending down in daily NYMEX trading and early this morning, prior to the release of the EIA storage report, the July NYMEX contract was trading at \$3.07 per dth. As you can see in the chart, all NYMEX futures contracts are below previously reported prices and down more in the front months (about 7 cents) than in the later months (about 2.5 cents). However,

if natural gas exports continue to grow and natural gas production continues to be at a deficit over last year, there will likely be a further reduction in storage availability which logically leads to higher prices.

It was estimated that the storage injection for this week would be between 71 – 81 Bcf. The actual storage injection reported by the EIA was 81 Bcf. The prior year's injection was 80 Bcf and the 5-year average injection is 97 Bcf. The current inventory balance is 2.525 Tcf which is 370 Bcf below the prior year and 225 Bcf above the 5-year average. Only 188 Bcf of gas has been added to storage in May, versus average injections of 250 Bcf during the same time period over the past five years.

Both the short term (6 – 10 days) and longer term (8 – 14 days) weather forecast calls for warmer than normal temperatures in the western half of the country and cooler than normal temperatures in the eastern half of the country. The June forecast has been revised to being cooler than previously expected due to jet stream patterns and frequent storms which limit heat.

The technical indicators are: price support in the range of \$2.98 - \$3.06 per dth with resistance between \$3.12 - \$3.17 per dth.

Also of note, today is the first day of the Atlantic hurricane season. ■