

February 06, 2020

Week Ending 01-31-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-137	-228	-143	-141	10
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2609	1994	2410	-201	+199

**Natural Gas** – NYMEX prices have continued to trade below \$2.00 per MMBtu through May 2020. The March contract has climbed steadily throughout the week and traded as high as \$1.906 on Thursday but settled back near that day's starting point of \$1.865. Natural gas prices have fallen over 38% from a winter season high of \$2.91 in November. Prices have not been this low in January since 1999 when they reached \$1.695 and in March 2016, they reached \$1.611 which was the lowest price of this century.

Technical indicators have remained relatively stable with support now at \$1.81 and \$1.73 per MMBtu and resistance at \$1.97 and \$2.07 per MMBtu.

**Storage** – Expectations for this week's EIA report were for a withdrawal estimated near 126 Bcf. The actual withdrawal was 137 Bcf. This withdrawal is below both last year's withdrawal of 228 Bcf and the five-year average withdrawal of 143 Bcf. Inventories are now at 2.609 Tcf and are 615 Bcf above last year's level and 199 Bcf above the five-year average.

**Weather** – Mild weather is again in the forecast over the next couple of weeks for the gas consuming regions of the U.S. The longer-term expectation (eleven-to-fourteen days out) is also for above-normal temperatures in the East and well-above normal in the Southeast.

NYMEX NG Price Summary Data as of 02-05-2020		
Month	Price \$/MMBtu	Change
Mar 20	\$1.861	(\$0.011)
Apr 20	\$1.887	(\$0.015)
May 20	\$1.937	(\$0.015)
Jun 20	\$1.997	(\$0.018)
Jul 20	\$2.065	(\$0.021)
Aug 20	\$2.097	(\$0.018)
Sep 20	\$2.096	(\$0.015)
Oct 20	\$2.131	(\$0.013)
Nov 20	\$2.237	(\$0.008)
Dec 20	\$2.423	(\$0.006)
Jan 21	\$2.534	(\$0.006)
Feb 21	\$2.501	(\$0.005)

(Sources: EIA, CME Group, Baker Hughes)

**Crude Oil** – Crude oil prices continue to fall, nearing \$50 per barrel. The impact of the coronavirus on global travel and trade and on China's economy continues to put downward pressure on prices. One analyst reduced its oil price forecast for 2020 and doesn't exclude the possibility of prices as low as \$40 per barrel.

**Natural Gas Rig Count** – Baker Hughes reports the natural gas rig count decreased by 3 to 112 compared to 198 at the same time last year.

**Natural Gas Demand** – Week-over-week, aggregate demand fell 10% with residential/commercial down 15%, power generation down 6%, and industrial down 3%. Exports to Mexico increased 13% as maintenance on major exporting pipelines was completed. LNG exports reached an all-time high of over 9 Bcf per day.

**Natural Gas Liquids** – NGL prices have fallen 50% over the past 18 months. Low NGL pricing combined with low crude oil and low natural gas prices are placing increasing pressure on hydrocarbon producers to reduce production and cut costs.

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February 13, 2020

Week Ending 02-07-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-115	-101	-131	-144	9
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2494	1893	2279	-137	+215

**Natural Gas** – The March NYMEX contract dropped nearly a dime on Monday to settle at \$1.766 per MMBtu. This is the first time prices have fallen below \$1.80 since March 2016 when they fell to the lowest of this century at \$1.611. Prices have since returned to near \$1.85 but remain below the \$2.00 level through June 2020. Technical indicators have declined slightly with support now at \$1.79 and \$1.73 per MMBtu and resistance at \$1.91 and \$2.00 per MMBtu.

**Storage** – Expectations for this week’s EIA report were for a withdrawal near 108 Bcf. The actual withdrawal was 115 Bcf. This withdrawal is above last year’s withdrawal of 101 Bcf but below the five-year average withdrawal of 131 Bcf. Inventories are now at 2.494 Tcf and are 601 Bcf above last year’s level and 215 Bcf above the five-year average.

**Weather** – Both the shorter and longer-term forecasts are calling for above-average temperatures in the East and below-average temperatures across the rest of the country. The winter of 2019-2020 may end up being among the top three warmest since 1950.

**Crude Oil** – Prices settled below \$50 per barrel earlier in the week as the impact of the coronavirus remains the most cited reason. The Chinese government has taken extraordinary measures to contain the virus which are impacting travel and economic activity. OPEC is expected to reduce production by 500,000 barrels per day due to lower anticipated global demand which is in addition to the cuts in December.

NYMEX NG Price Summary Data as of 02-12-2020		
Month	Price \$/MMBtu	Change
Mar 20	\$1.844	\$0.056
Apr 20	\$1.874	\$0.051
May 20	\$1.929	\$0.047
Jun 20	\$1.999	\$0.047
Jul 20	\$2.079	\$0.048
Aug 20	\$2.116	\$0.048
Sep 20	\$2.119	\$0.048
Oct 20	\$2.154	\$0.046
Nov 20	\$2.281	\$0.039
Dec 20	\$2.494	\$0.031
Jan 21	\$2.606	\$0.028
Feb 21	\$2.571	\$0.026

(Sources: EIA, CME Group, Baker Hughes)

**Natural Gas Rig Count** – Baker Hughes reports the rig count decreased by 1 to 111 compared to 195 at the same time last year. The low point since 2000 was 61 in 2016.

**Natural Gas Demand** – EIA reports a 2% increase in total demand from last week. Residential/commercial and industrial demand rose in response to a cold front across the Great Lakes region while demand from the power generation and export sectors.

**EIA Short-Term Energy Outlook** – The EIA reports:

- Natural gas production set a record in 2019 at 92.1 Bcf per day. Production in 2020 is expected to average 94.2 Bcf per day but decline by 2% in 2021 for the first time since 2016.
- Henry Hub prices are forecast to rise in 2020 from current levels as production declines and demand increases, averaging \$2.21 per MMBtu for the year. Prices in 2021 are estimated at \$2.53.
- Storage inventories are forecast to end March at 14% higher than the 5-year average and to reach almost 4.1 Tcf by October 31 which would be the highest level on record.

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February 20, 2020

Week Ending 02-14-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-151	-163	-136	-143	8
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2343	1730	2143	-115	+200

**Natural Gas** – The March NYMEX contract settled up slightly at \$1.837 per MMBtu before the holiday weekend. However, colder weather is expected through the end of the month and prompted a strong increase after Monday’s holiday and the March contract settled at \$1.981, up \$.144 per MMBtu. April and May followed suit to settle at \$1.971 and \$2.006 respectively. Prices may continue to be supported in the coming weeks by larger than expected storage withdrawals. Technical indicators have increased significantly with support at \$1.91 and \$1.87 per MMBtu and resistance at \$2.03 and \$2.06 per MMBtu.

**Storage** – Expectations for this week’s EIA report were for a withdrawal near 141 Bcf. The actual withdrawal exceeded expectations at 151 Bcf. This withdrawal is below last year’s withdrawal of 163 Bcf but above the five-year average withdrawal of 136 Bcf. Inventories are now at 2.343 Tcf and are 613 Bcf above last year’s level and 200 Bcf above the five-year average.

**Weather** – The 6-10 day forecast remains warmer than normal in the eastern part of the country, but a strong below-normal pattern is coming from the West and expected to move quickly east. The 8-14 day forecast indicates the colder weather settling into the interior West but the Northeast remaining normal to above-normal.

NYMEX NG Price Summary Data as of 02-19-2020		
Month	Price \$/MMBtu	Change
Mar 20	\$1.955	(\$0.026)
Apr 20	\$1.971	\$0.000
May 20	\$2.008	\$0.002
Jun 20	\$2.058	\$0.007
Jul 20	\$2.118	\$0.009
Aug 20	\$2.146	\$0.008
Sep 20	\$2.148	\$0.008
Oct 20	\$2.183	\$0.008
Nov 20	\$2.296	\$0.005
Dec 20	\$2.493	\$0.004
Jan 21	\$2.606	\$0.006
Feb 21	\$2.570	\$0.006

(Sources: EIA, CME Group, Baker Hughes)

**Crude Oil** – Prices have rebounded to finish last week at \$52 per barrel and have traded over \$54 per barrel this week. Global demand remains a concern as third party estimates indicate the rate of growth could decline 40%. OPEC may have to consider additional production cuts.

**Natural Gas Production and Rig Count** – Baker Hughes reports the rig count again decreased by 1 to 110 compared to 194 at the same time last year. Production has leveled over the past two weeks at 94.5 Bcf per day but is still above last year’s level of 88 Bcf per day.

**Natural Gas Demand** – Although heating demand in December and January was below the 10 and 30-year normal levels, overall demand in January was higher than last year due to LNG export demand which more than doubled from 3 to 8 Bcf per day. LNG demand averaged 8.6 Bcf per day last week, but the market is monitoring the oversupply situation in Asia due to warmer weather and restrictions in response to the coronavirus.

The March contract will settle for the month on Wednesday, February 26.

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February 27, 2020

Week Ending 02-21-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-143	-167	-122	-143	7
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2200	1563	2021	-151	+179

**Natural Gas** – The March NYMEX contract traded as high as \$2.01 per MMBtu last week before settling on Wednesday for the month at \$1.821 per MMBtu. This settlement was \$.056 lower than last month’s settle of \$1.877 per MMBtu and \$1.034 lower than last year’s expiration of \$2.855 per MMBtu. The April contract traded in the same range, but prices have tumbled once again on Thursday to trade below \$2.00 per MMBtu through September.

Technical indicators have declined again with support at \$1.79 and \$1.73 per MMBtu and resistance at \$1.87 and \$1.92 per MMBtu.

**Storage** – Expectations for this week’s EIA report were for a withdrawal near 158 Bcf. The actual withdrawal was below expectations at 143 Bcf. This withdrawal is below last year’s withdrawal of 167 Bcf but above the five-year average withdrawal of 122 Bcf. Inventories are now at 2.200 Tcf and are 637 Bcf above last year’s level and 179 Bcf above the five-year average. Estimates for end-of-March storage levels remain near 2 Tcf with expectations to set a new all-time high near 4.1 Tcf by October 2020. Power burn demand will be a key factor impacting the Summer injection season.

**Weather** – Earlier in the week, forecasts were for below-normal temperatures for much of the U.S. Revised forecasts indicate average to above-average temperatures. The 6-10 day outlook shows cold weather moving through the eastern portion of the country and the 8-14 day outlook indicates a milder pattern.

NYMEX NG Price Summary Data as of 02-26-2020		
Month	Price \$/MMBtu	Change
Mar 20	\$1.821	(\$0.026)
Apr 20	\$1.837	(\$0.014)
May 20	\$1.880	(\$0.016)
Jun 20	\$1.942	(\$0.016)
Jul 20	\$2.020	(\$0.013)
Aug 20	\$2.054	(\$0.013)
Sep 20	\$2.058	(\$0.012)
Oct 20	\$2.102	(\$0.011)
Nov 20	\$2.229	(\$0.008)
Dec 20	\$2.441	(\$0.002)
Jan 21	\$2.550	(\$0.001)
Feb 21	\$2.517	\$0.000

(Sources: EIA, CME Group, Baker Hughes)

**Crude Oil** – Prices have plunged from last week’s levels of near \$54 per barrel to trade near \$46 per barrel. The oil market follows other market declines as the number of coronavirus cases outside of China continues to multiply.

**Natural Gas Rig Count** – Baker Hughes reports the rig count through February 21, 2020 remained unchanged at 110 compared to 194 at the same time last year.

**Coronavirus** – Virus statistics and impact on markets has occupied the headlines for the past month. Equity and energy markets fell hard this week in response to reports of the virus spreading to Australia and Europe. The real effect on the global economy is still quite unclear but can impact global energy demand for manufacturing. At present, 2800 deaths are reported and even though one death is too many, the World Health Organization reports 8200 deaths from flu in the US alone for the 2019-2020 season.

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