



March 05, 2020

Week Ending 02-28-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-109	-152	-106	-149	6
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2091	1411	1915	-143	+176

Natural Gas – The April NYMEX contract traded near a four-year low as it settled at \$1.684 per MMBtu last Friday. The market reversed course this week and traded higher each day, settling at \$1.827 per MMBtu on Wednesday. A moderate storage withdrawal and a warm weather forecast have once again contributed to prices being back below \$1.80 per MMBtu on Thursday. The Summer strip (Apr-Oct) is currently averaging below \$2.00 per MMBtu with prices below \$2.00 through September. Technical indicators show little change with support at \$1.78 and \$1.75 per MMBtu and resistance at \$1.88 and \$1.95 per MMBtu.

Storage – Expectations for this week’s EIA report were for a withdrawal near 105 Bcf. The actual withdrawal was near expectations at 109 Bcf. This withdrawal is below last year’s withdrawal of 152 Bcf but above the five-year average withdrawal of 106 Bcf. Inventories are now at 2.091 Tcf and are 680 Bcf above last year’s level and 176 Bcf above the five-year average.

Weather – March temperatures are forecast to be above normal in the East and much-above normal in the Southeast. The entire winter season is still on track to be near the fifth warmest since 1950.

Crude Oil – Prices remained below \$45 per barrel through the first days of March but have risen back above \$45 per barrel. OPEC and Russia have announced the potential for additional production cuts to support prices.

Natural Gas Production and Rig Count – Baker Hughes reports the rig count through February 28, 2020 remained unchanged at 110 compared to 195 at the same time last year. Production declined 0.1 Bcf per day over the past month but year-to-date production has increased by 1.5 Bcf per day to an average of 93.2 Bcf per day for 2020.

LNG – Exports have been relatively flat over the past month, averaging 8.3 Bcf per day, but 2.8 Bcf per day higher than the same period last year.

Coronavirus Update – Still occupying headlines, the global energy market is directly tied to aspects of the coronavirus. LNG exports are sensitive to the Asian economy but are not yet reporting to be significantly impacted. China is the largest importer of crude oil and both year-to-date demand and prices have fallen 20-30% and refined product pricing is also down. While lower prices are good for consumers, oil and gas producers will be under even greater pressure to cut costs and reduce output in the coming months.

NYMEX NG Price Summary Data as of 03-04-2020		
Month	Price \$/MMBtu	Change
Apr 20	\$1.827	\$0.027
May 20	\$1.865	\$0.027
Jun 20	\$1.925	\$0.028
Jul 20	\$2.003	\$0.029
Aug 20	\$2.038	\$0.030
Sep 20	\$2.045	\$0.031
Oct 20	\$2.089	\$0.028
Nov 20	\$2.218	\$0.029
Dec 20	\$2.429	\$0.023
Jan 21	\$2.539	\$0.022
Feb 21	\$2.503	\$0.021
Mar 21	\$2.404	\$0.016

(Sources: EIA, CME Group, Baker Hughes)

For further information, please contact Regina Fort at (405) 842-9200 or rfort@clearwaterenterprises.net

March 12, 2020

Week Ending 03-06-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-48	-164	-99	-169	5
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2043	1247	1816	-109	+227

Natural Gas – The April NYMEX contract whipsawed this week in response to falling crude oil prices and the potential impact on associated gas production. After settling last Friday at \$1.708 per MMBtu, the contract shot up to as high as \$1.955 per MMBtu on Tuesday before declining on Wednesday and again on Thursday to trade near \$1.85 per MMBtu. Daily trading ranges expanded to \$.15 to \$.20 per MMBtu with the increased volatility. Technical indicators have risen with support at \$1.81 and \$1.70 per MMBtu and resistance at \$2.03 and \$2.10 per MMBtu.

Storage – Expectations for this week’s EIA report were for a withdrawal near 55 Bcf. The actual withdrawal was slightly lower at 48 Bcf. This withdrawal is below both last year’s withdrawal of 164 Bcf and the five-year average withdrawal of 99 Bcf. Inventories are now at 2.043 Tcf and are 796 Bcf above last year’s level and 227 Bcf above the five-year average.

Weather – The most recent forecast from the National Weather Service is indicating below-average temperatures in the West but above-average temperatures in the Northeast, Midwest and Southeast.

Crude Oil – Prices plunged to near \$30 per barrel and reached their lowest level since 2016. Saudi Arabia announced it would be reducing prices as talks with Russia to cut production failed. Russia did not want to relinquish market share to U.S. producers if it made production cuts.

LNG – Exports averaged 8.1 Bcf per day which is down from 8.8 Bcf per day as of two weeks ago as fog limited shipping in the Gulf Coast area.

Coronavirus and Crude Oil – Although the coronavirus impact continues to occupy the headlines of commodity and financial markets, it was joined by the outbreak of an oil price war between Saudi Arabia and Russia. Saudi Arabia announced it would cut prices and increase production, attempting to take market share from Russia.

EIA Short-Term Energy Outlook – The EIA forecasts:

- NYMEX prices beginning to rise in Q2, reaching an average of \$2.22 for Q3 and averaging \$2.11 for 2020
- End-of-March storage inventories near 1.9 Tcf (12% above the 5-year average) and end-of-October inventories to reach almost 4.0 Tcf
- Natural gas production to average 95.3 Bcf per day in 2020, a 3% increase from 2019 but monthly production to decline throughout 2020
- U.S. crude oil production to average 13.0 million barrels per day in 2020 but fall to 12.7 million in 2021, the first annual decline since 2016

NYMEX NG Price Summary Data as of 03-11-2020		
Month	Price \$/MMBtu	Change
Apr 20	\$1.878	(\$0.058)
May 20	\$1.921	(\$0.064)
Jun 20	\$1.995	(\$0.060)
Jul 20	\$2.089	(\$0.057)
Aug 20	\$2.126	(\$0.058)
Sep 20	\$2.135	(\$0.059)
Oct 20	\$2.177	(\$0.060)
Nov 20	\$2.304	(\$0.059)
Dec 20	\$2.521	(\$0.056)
Jan 21	\$2.635	(\$0.052)
Feb 21	\$2.592	(\$0.052)
Mar 21	\$2.483	(\$0.048)

(Sources: EIA, CME Group, Baker Hughes))

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March 19, 2020

Week Ending 03-13-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-9	-91	-63	-209	4
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2034	1156	1753	-48	+281

Natural Gas – The April NYMEX contract ended last week with a settlement near \$1.87 per MMBtu. This week the contract began a steady decline until Wednesday’s price plunge to settle at \$1.604 per MMBtu. Lower demand will put downward pressure on prices while lower crude oil prices and the expectation of production cuts exert the opposite effect. Technical indicators have declined sharply with support at \$1.55 and \$1.36 per MMBtu and resistance at \$1.75 and \$1.88 per MMBtu.

Storage – Expectations for this week’s EIA report were for a withdrawal near 8 Bcf. The actual withdrawal was near expectations at 9 Bcf. This withdrawal is once again below both last year’s withdrawal of 91 Bcf and the five-year average withdrawal of 63 Bcf. Inventories are now at 2.034 Tcf and are 878 Bcf above last year’s level and 281 Bcf above the five-year average.

Weather – The most recent forecast from the National Weather Service is indicating diverse temperatures across the U.S. Brief shots of colder air will move from the Northwest through the Midwest and East over the next few weeks, but meaningful cold is not expected this late in the season.

Crude Oil – Prices have continued to decline to below \$25 per barrel as both Saudi Arabia and Russia announce increased production. This race to gain market share, combined with reduced demand, is expected to flood the oil market with supply. Both countries have low-cost well economics but need prices above \$40 per barrel to finance their national budgets.

NYMEX NG Price Summary Data as of 03-18-2020		
Month	Price \$/MMBtu	Change
Apr 20	\$1.604	(\$0.125)
May 20	\$1.647	(\$0.122)
Jun 20	\$1.740	(\$0.112)
Jul 20	\$1.854	(\$0.106)
Aug 20	\$1.907	(\$0.103)
Sep 20	\$1.940	(\$0.096)
Oct 20	\$2.005	(\$0.088)
Nov 20	\$2.196	(\$0.069)
Dec 20	\$2.475	(\$0.062)
Jan 21	\$2.598	(\$0.064)
Feb 21	\$2.568	(\$0.057)
Mar 21	\$2.466	(\$0.050)

(Sources: EIA, CME Group, Baker Hughes)

Natural Gas Demand – Demand was steady until recently as schools close and large events are cancelled. Load curves will more likely resemble weekends rather than weekdays. Third party estimates are for demand decline of 3 Bcf per day which would increase storage injections in the near term.

Natural Gas Rig Count and Production – Baker Hughes reported yet another decline in rig count by 2 to 107 compared to 193 last year. Month-to-date production is 0.2 Bcf higher than last month and 1.5 Bcf per day above last year. Producers are expected to cut budgets in 2020 which could result in declined production in the second half of 2020 and 2021.

LNG – Exports have remained consistent in March with April exports dependent on how the Chinese economy recovers. Additional LNG projects are scheduled to make final investment decisions in 2020 which could be delayed if prices remain weak and Asian buyers are not signing long-term contracts.

The April NYMEX contract will settle for the month on Friday, March 27.

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March 26, 2020

Week Ending 03-20-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-29	-39	-40	-805	1
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2005	1117	1713	-9	+292

Natural Gas – The April NYMEX contract has shown little change since last week’s decline to near \$1.60 per MMBtu. The contract traded near \$1.55 but daily settlements have remained near \$1.65 as the market prepares for the final April settlement on Friday. Meanwhile the May contract has been trading several cents higher than April, settling on Wednesday at \$1.714 per MMBtu. The immense amount of uncertainty in all global markets makes any trends or predictions extremely fragile, but it is expected that natural gas price direction will be largely determined by whether supply or demand falls at the quickest rate.

Technical indicators are pausing as attention shifts from April to May. Support has increased to \$1.66 and \$1.59 per MMBtu and resistance is at \$1.78 and \$1.85 per MMBtu.

Storage – Expectations for this week’s EIA report were for a withdrawal near 27 Bcf. The actual withdrawal was near expectations at 29 Bcf. This withdrawal is once again below both last year’s withdrawal of 39 Bcf and the five-year average withdrawal of 40 Bcf. With only one week remaining in the traditional withdrawal season, inventories are now at 2.005 Tcf and are 888 Bcf above last year’s level and 292 Bcf above the five-year average. The variance over last year is the second largest at this time of year.

Weather – The most recent National Weather Service forecast includes below-average temperatures on the West Coast and into the Rockies and above-average along the East Coast and South. The pattern flattens in the longer term (11-15 days) indicating a milder pattern with less extremes in temperatures.

NYMEX NG Price Summary Data as of 03-25-2020		
Month	Price \$/MMBtu	Change
Apr 20	\$1.659	\$0.006
May 20	\$1.714	(\$0.015)
Jun 20	\$1.826	(\$0.010)
Jul 20	\$1.961	\$0.001
Aug 20	\$2.007	(\$0.003)
Sep 20	\$2.027	(\$0.008)
Oct 20	\$2.087	(\$0.006)
Nov 20	\$2.303	\$0.002
Dec 20	\$2.597	\$0.005
Jan 21	\$2.714	\$0.001
Feb 21	\$2.682	\$0.005
Mar 21	\$2.572	\$0.007

(Sources: EIA, CME Group, Baker Hughes)

Natural Gas Demand – **Crude Oil** – Prompt month prices have stabilized for now near \$23-24 per barrel. Global oil demand in the first quarter of 2020 could show the largest decline in history.

Natural Gas Rig Count and Production – Baker Hughes reported yet another decline in rig count by 1 to 106 compared to 192 last year. The collapse in the crude oil markets reinforces the already anticipated reduction of capital expenditures by producers and a corresponding decline in production in 2020.

Natural Gas Exports – LNG exports have remained strong at about 9.2 Bcf per day, up about 1 Bcf per day over last week. Exports to Mexico are essentially unchanged at 5.1 Bcf per day.

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