



May 07, 2020

Week Ending 05-01-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+109	+96	+74	65	26
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2319	1523	1924	+70	+395

Natural Gas – In its first week of trading, the June NYMEX contract has provided some interest as the contract gained \$.24 per MMBtu over a two-day period, only to erase most of those gains the next day. The contract breached the \$2.00 threshold on Tuesday to settle at \$2.134 per MMBtu as a pipeline explosion in Kentucky added to price support already provided by production declines and late-season heating demand. Most of the impacted flow on the line was rerouted and the June contract plunged \$.19 on Wednesday to settle at \$1.944 per MMBtu with declines continuing Thursday after a triple-digit storage injection. Technical indicators are up slightly from last week with support at \$1.91 and \$1.84 per MMBtu and resistance at \$1.99 and \$2.05 per MMBtu.

Storage – The estimate for this week’s report was for an injection of 105 Bcf. EIA reported a rare triple-digit injection for April at 109 Bcf, slightly above expectations. This injection is above both last year’s injection of 96 Bcf and the five-year average injection of 74 Bcf. Inventories are at 2.319 Tcf and are 796 Bcf above last year’s level and 395 Bcf above the five-year average. EIA has reported a triple-digit injection in April only one other time in the past 10 years.

Weather – The National Weather Service continues to forecast below-average temperatures in the Northeast, Southeast and Midcontinent in its six-to-ten-day forecast. Late season heating demand is expected to continue from April which is likely to be one of the cooler Aprils in the past 25 years.

NYMEX NG Price Summary Data as of 05-06-2020		
Month	Price \$/MMBtu	Change
Jun 20	\$1.944	(\$0.190)
Jul 20	\$2.171	(\$0.141)
Aug 20	\$2.254	(\$0.134)
Sep 20	\$2.308	(\$0.122)
Oct 20	\$2.389	(\$0.109)
Nov 20	\$2.615	(\$0.090)
Dec 20	\$2.926	(\$0.068)
Jan 21	\$3.061	(\$0.064)
Feb 21	\$3.020	(\$0.060)
Mar 21	\$2.881	(\$0.054)
Apr 21	\$2.575	(\$0.030)
May 21	\$2.541	(\$0.027)

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

Crude Oil – Prompt month prices have traded over \$20 per barrel with prices gradually increasing through 2021. Global demand remains low but China, some parts of Asia and several European countries are beginning to open their economies.

Natural Gas Production and Rig Count – In its latest report, Baker Hughes reports the natural gas rig count declined by 4 to 81 compared to 183 last year. The supply/demand balance may begin to shift as long-term production losses overtake reduced demand. A third-party firm forecasts a production decline of 10+ Bcf per day over the next two months due to the collapse of crude oil prices.

LNG – The weaker price environment remains, and project developers are having difficulty finalizing long-term contracts which serve to finance new terminals. Decisions on new projects are being deferred until 2021 and maybe longer.

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

May 14, 2020

Week Ending 05-08-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+103	+100	+85	63	25
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2422	1623	2009	+109	+413

Natural Gas – The June NYMEX contract continues to provide market interest as the contract tumbled over \$0.20 per MMBtu in a two-day period in response to expectations of lower demand as temperatures moderate in the eastern half of the country. Price declines extended to other months as no months were trading over \$3.00 per MMBtu but only June and July below \$2.00. The market bounced back up on Thursday following a storage injection below expectations as volatility continues. Calendar year strip prices remain higher in 2021 at \$2.65 with 2022 declining to near \$2.50. Technical indicators are down from last week with support at \$1.52 and \$1.41 per MMBtu and resistance at \$1.68 and \$1.73 per MMBtu.

Storage – The estimate for this week’s report was for another triple-digit injection near 110 Bcf. EIA reported an injection of 103 Bcf, slightly below expectations. This is above both last year’s injection of 100 Bcf and the five-year average of 85 Bcf. Inventories are at 2.422 Tcf and are 799 Bcf above last year’s level and 413 Bcf above the five-year average.

Weather – The late-season cold snap has remained in the eastern portion of the country bringing cold temperatures and even snow. The National Weather Service is forecasting the return of warmer weather over the next two weeks with above-average temperatures in the Northeast and Midwest.

Crude Oil – Prompt month prices are now over \$25 per barrel with prices over \$30 per barrel in 2021. Gasoline and diesel demands are increasing in Asia and Europe and U.S. demand is also slowly rising as states are in various stages of reopening businesses and manufacturing.

NYMEX NG Price Summary Data as of 05-13-2020		
Month	Price \$/MMBtu	Change
Jun 20	\$1.616	(\$0.104)
Jul 20	\$1.856	(\$0.109)
Aug 20	\$1.957	(\$0.096)
Sep 20	\$2.018	(\$0.099)
Oct 20	\$2.113	(\$0.101)
Nov 20	\$2.404	(\$0.078)
Dec 20	\$2.789	(\$0.044)
Jan 21	\$2.936	(\$0.041)
Feb 21	\$2.897	(\$0.041)
Mar 21	\$2.775	(\$0.037)
Apr 21	\$2.504	(\$0.030)
May 21	\$2.477	(\$0.026)

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

Natural Gas Production and Rig Count – In its latest report, Baker Hughes reports the natural gas rig count declined by 1 to 80 compared to 183 last year. Natural gas production is reported at 89 Bcf per day, down 3.4 Bcf/day from last month and below the February levels of 93 to 94 Bcf/day.

EIA Short-Term Energy Outlook – The EIA forecasts:

- Crude oil production in 2020 will average 11.7 million barrels per day, down 0.5 million from 2019, with further declines in 2021 by 0.8 million.
- Natural gas production will average 89.8 Bcf per day in 2020, down from 2019’s record average of 92.2 Bcf per day.
- Natural gas prices at Henry Hub will rise in 2020 to average \$2.10 per MMBtu and further increase in 2021 to an average of \$2.89 per MMBtu.
- Natural gas consumption to decline by 3.9% in 2020, primarily in the industrial sector.
- Storage inventories to reach almost 4.2 Tcf on October 31, which would be a record level.

The June NYMEX contract settles for the month on Wednesday, May 27.

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

May 21, 2020

Week Ending 05-15-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+81	+101	+87	62	24
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2503	1724	2096	+103	+407

Natural Gas – As the June NYMEX contract approaches next week’s expiration, it continues to vacillate on an almost daily basis. After Friday’s settlement at \$1.646 per MMBtu, the contract increased on Monday and Tuesday in response to positive news across the markets to settle at \$1.83. June pricing drifted back down to \$1.771 by Wednesday, with other months following a similar pattern. There continues to be no months currently trading over \$3.00 per MMBtu and June through September are below \$2.00. Technical indicators have shifted higher again with support at \$1.71 and \$1.60 per MMBtu and resistance at \$1.88 and \$1.95 per MMBtu.

Storage – The estimate for this week’s report is for a slightly lower injection of 81 Bcf. EIA reported an injection of 81 Bcf. This is below both last year’s injection of 101 Bcf and the five-year average of 87 Bcf. Inventories are at 2,503 Tcf and are 779 Bcf above last year’s level and 407 Bcf above the five-year average. Triple-digit injections are expected to return next week as the price differential between Summer and Winter is providing an incentive to inject gas into storage for later use.

Weather – The near-term forecast from the National Weather Service is for normal to above-normal temperatures across much of the U.S. Looking ahead to Summer, there are predictions of conditions that could result in this being in the top 10 hottest summers.

NYMEX NG Price Summary Data as of 05-20-2020		
Month	Price \$/MMBtu	Change
Jun 20	\$1.771	(\$0.059)
Jul 20	\$1.909	(\$0.076)
Aug 20	\$1.997	(\$0.067)
Sep 20	\$2.060	(\$0.062)
Oct 20	\$2.149	(\$0.057)
Nov 20	\$2.434	(\$0.038)
Dec 20	\$2.812	(\$0.026)
Jan 21	\$2.952	(\$0.028)
Feb 21	\$2.913	(\$0.027)
Mar 21	\$2.789	(\$0.023)
Apr 21	\$2.515	(\$0.017)
May 21	\$2.485	(\$0.017)

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – Prices continue to increase significantly from historic lows of just one month ago. Prompt month prices are currently near \$35 per barrel, supported by improving demand as states begin phased reopenings and production cuts work their way into the system.

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count declined by 1 to 79 compared to 185 last year. The declining rig count and reduced capital spending provides various estimates of the resulting production decline. One estimate shows the decline is at the fastest pace in a decade.

Exports – LNG feedgas deliveries averaged 6.4 Bcf per day which is lower than last month but 2.7 Bcf per day higher than last year. Exports to Mexico averaged 4.6 Bcf per day which is slightly lower than last month and approximately equal to last year. LNG buyers have cancelled 25 cargoes for June and several projects have delayed their final investment decisions. However, cargo cancellations do not necessarily mean lower demand as LNG can be stored on ships until demand recovers

The June NYMEX contract settles for the month on Wednesday, May 27.

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May 28, 2020

Week Ending 05-22-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+109	+110	+93	60	23
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2612	1834	2189	+81	+423

Natural Gas – The June NYMEX contract traded in a narrower range this past week and settled for the month on Wednesday at \$1.722 per MMBtu. This settlement is \$0.072 lower than last month’s settlement of \$1.794 and \$0.911 lower than last year’s settlement of \$2.633. Meanwhile the July contract is trading nearly \$0.16 higher as it settled on Wednesday at \$1.886. August settled higher still at \$1.972, and the remaining months of 2020 and 2021 are all over \$2.00. There continues to be no months currently trading over \$3.00 per MMBtu. Technical indicators have shifted higher again with support at \$1.82 and \$1.68 per MMBtu and resistance at \$1.95 and \$2.03 per MMBtu.

Storage – The estimate for this week’s report is for a return to a triple digit injection of 101 Bcf. The actual injection reported by EIA is 109 Bcf. This is nearly equal to last year’s injection of 110 Bcf and above the five-year average of 93 Bcf. Inventories are at 2.612 Tcf and are 778 Bcf above last year’s level and 423 Bcf above the five-year average.

Weather – Both the near-term and extended forecasts include very hot temperatures over much of the U.S. NOAA also released its 2020 Atlantic hurricane season report, predicting 13 to 19 named storms including 6 to 10 hurricanes.

NYMEX NG Price Summary Data as of 05-27-2020		
Month	Price \$/MMBtu	Change
Jun 20	\$1.722	(\$0.071)
Jul 20	\$1.886	(\$0.059)
Aug 20	\$1.972	(\$0.047)
Sep 20	\$2.024	(\$0.045)
Oct 20	\$2.102	(\$0.044)
Nov 20	\$2.410	(\$0.039)
Dec 20	\$2.814	(\$0.034)
Jan 21	\$2.956	(\$0.031)
Feb 21	\$2.921	(\$0.028)
Mar 21	\$2.797	(\$0.021)
Apr 21	\$2.515	(\$0.010)
May 21	\$2.489	(\$0.007)

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – A second price collapse that was tentatively predicted due to storage limitations never materialized. Instead prompt month prices continue to trade above \$30 per barrel. Longer term prices show little change, with prices remaining below \$40 per barrel until Q3 of 2022.

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count remained unchanged at 79 compared to 186 last year. Current month production is reported at 87.7 Bcf per day.

Demand – Total demand declined by 10% last week as the 11.3% increase in the electric power sector was offset by declines in the residential/commercial and industrial sectors. LNG feedgas deliveries continue to average near 6.3 Bcf per day which is lower than last month but 2.6 Bcf per day higher than last year. Exports to Mexico increased to 5.1 Bcf per day which is slightly lower than last month and approximately equal to last year. Most states are in various stages of reopening with an anticipated increase in energy demand.

LNG – European LNG prices were in the \$1.15 to \$1.24 per MMBtu range last week, which are some of the lowest in history.

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