

June 04, 2020

Week Ending 05-29-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+102	+118	+103	58	22
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2714	1952	2292	+109	+422

Natural Gas – After taking the prompt month position last Thursday, the July NYMEX contract traded in a narrow range, setting at \$1.849 per MMBtu on Friday but declining to settle near \$1.77 per MMBtu on Monday and Tuesday. Prices moved back up on Wednesday to settle at \$1.821 with little movement in either direction on Thursday. Summer-like temperatures and expectations of a hot summer are providing price support. The 2021 calendar strip continues to show a strong increase over 2020 (\$2.66 vs. \$2.00 per MMBtu) with calendar 2022 returning to the \$2.50 range. Technical indicators have shifted lower from last week with support at \$1.75 and \$1.71 per MMBtu and resistance at \$1.89 and \$1.96 per MMBtu.

Storage – The estimate for this week’s report was for another triple digit injection of 111 Bcf. The actual injection reported by EIA is 102 Bcf. This is below last year’s injection of 118 Bcf and nearly equal to the five-year average of 103 Bcf. Inventories are at 2.714 Tcf and are 762 Bcf above last year’s level and 422 Bcf above the five-year average.

Weather – Both the near-term and extended forecasts continue to include above-normal temperatures over much of the U.S. Hurricane season has officially begun, with the peak of the season in early September. Tropical Storm Christobal has developed and is expected to move northward from Mexico and across the Gulf of Mexico this weekend.

NYMEX NG Price Summary Data as of 06-03-2020		
Month	Price \$/MMBtu	Change
Jul 20	\$1.821	\$0.044
Aug 20	\$1.915	\$0.039
Sep 20	\$2.969	\$0.034
Oct 20	\$2.053	\$0.032
Nov 20	\$2.396	\$0.027
Dec 20	\$2.840	\$0.025
Jan 21	\$2.981	\$0.021
Feb 21	\$2.941	\$0.016
Mar 21	\$2.817	\$0.011
Apr 21	\$2.515	\$0.000
May 21	\$2.484	(\$0.003)
May 21	\$2.521	(\$0.005)

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

Crude Oil – Prompt month WTI prices are now trading above \$35 per barrel. OPEC and Russia are in talks to continue production cuts for another 30 to 60 days. Oil demand in China has nearly recovered to pre-Covid levels and crude oil pricing is responding to the increasing U.S. demand for gasoline and diesel fuel.

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count declined by 2 to 77 compared to 186 last year. Current month production has stabilized near 87 Bcf per day. With oil prices holding near \$35 per barrel, further losses of associated gas production may be mitigated.

Natural Gas Demand – There was little change in total demand from last week. Power generation consumption increased 8.3% but was offset by declines in consumption from the industrial (1.3%) and residential/commercial (15.6%) sectors. LNG demand in May was at the lowest level since October 2019 with various sources expecting cargo cancellations in June.

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

June 25, 2020

Week Ending 06-19-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+120	+103	+73	52	19
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3012	2273	2546	+85	+466

Natural Gas – After some weeks of more quiet trading, the July NYMEX contract tumbled to below \$1.50 per MMBtu in advance of Friday’s expiration. Earlier this week the July contract was trading in the \$1.60 to \$1.66 per MMBtu range. The 2020 calendar strip had dropped nearly \$.10 per MMBtu to near \$1.90 and is declining further in response to Thursday’s strong storage injection and currently mild weather. The 2021 calendar strip is down slightly to near \$2.59 per MMBtu while calendar year 2022 is near \$2.43. Technical indicators have also declined with support at \$1.59 and \$1.52 per MMBtu and resistance at \$1.72 and \$1.77 per MMBtu.

Storage – The estimate for this week’s injection was near 107 Bcf. The actual injection reported by EIA is well above expectations at 120 Bcf. This is above both last year’s injection of 103 Bcf and the five-year average of 73 Bcf. Inventories are at 3.012 Tcf and are 739 Bcf above last year’s level and 466 Bcf above the five-year average.

Weather – Both the six-to-ten-day and eight-to-fourteen-day forecasts from the National Weather Service indicate above average temperatures for much of the U.S. except in the West which is expecting normal to below-normal temperatures.

Crude Oil – The July NYMEX contract for crude oil settled above \$40 per barrel and August also traded above \$40 per barrel until dropping back to near \$38 per barrel. OPEC+ met last week and indicated an assurance that production cuts would continue to be honored by the members.

NYMEX NG Price Summary Data as of 06-24-2020		
Month	Price \$/MMBtu	Change
Jul 20	\$1.597	(\$0.040)
Aug 20	\$1.661	(\$0.030)
Sep 20	\$1.723	(\$0.017)
Oct 20	\$1.822	(\$0.017)
Nov 20	\$2.221	(\$0.013)
Dec 20	\$2.705	(\$0.020)
Jan 21	\$2.842	(\$0.020)
Feb 21	\$2.812	(\$0.019)
Mar 21	\$2.710	(\$0.019)
Apr 21	\$2.451	(\$0.013)
May 21	\$2.425	(\$0.011)
Jun 21	\$2.465	(\$0.010)

(Sources: EIA, CME Group, Baker Hughes)

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count declined by 3 to 75 compared to 177 last year. June production remains near 86.6 Bcf per day and oil prices continue to be a factor to monitor as a potential incentive for associated gas production to come back online.

Natural Gas Demand – EIA reports a 7.1% decline in demand from the previous week, led by the power generation sector which declined 16% due to mild temperatures in the Midwest and Eastern U.S. This decline was partially offset by increases in the residential/commercial sector (5%), the industrial sector (2.2%) and exports to Mexico (5%).

LNG – Although LNG demand remains lower than last month, Myanmar has become the latest country to begin taking LNG deliveries from the U.S. Several new import facilities are under development in the country with two new terminals scheduled to begin operations in 2024.

The July NYMEX contract will settle for the month on Friday, June 26.

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