



July 02, 2020

Week Ending 06-26-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+65	+92	+65	51	18
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3077	2365	2611	+120	+466

**Natural Gas** – Trading over the past week has shown more volatility, starting with a strong decline in the July contract to \$1.495 per MMBtu as its final settlement on Friday. This settlement was \$.227 lower than last month’s settlement of \$1.722 and \$0.796 lower than last year’s expiration of \$2.291. The market then took off with August settling \$.165 higher on Monday and an additional \$0.042 higher on Tuesday, ending the day at \$1.751 per MMBtu. Prices declined \$0.08 on Wednesday but are back up again on Thursday after a storage report below expectations. The 2020 calendar strip remains near \$1.90 per MMBtu while 2021 is near \$2.63 and 2022 is near \$2.44 per MMBtu. Technical indicators have also moved up slightly with support at \$1.62 and \$1.58 per MMBtu and resistance at \$1.79 and \$1.87 per MMBtu.

**Storage** – The estimate for this week’s injection was around 77 Bcf. The actual injection reported by EIA is below expectations at 65 Bcf. This is below last year’s injection of 92 Bcf and equal to the five-year average of 65 Bcf. Inventories are at 3.077 Tcf and are 712 Bcf above last year’s level and 466 Bcf above the five-year average. EIA has increased its estimate of the end-of-season storage level to 4.1 Tcf which is nearly 88% full.

**Weather** – Similar to last week, 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. The current outlook for the remainder of the summer is warmer-than-normal patterns in key air conditioning markets.

NYMEX NG Price Summary Data as of 07-01-2020		
Month	Price \$/MMBtu	Change
Aug 20	\$1.671	(\$0.080)
Sep 20	\$1.721	(\$0.068)
Oct 20	\$1.840	(\$0.047)
Nov 20	\$2.265	(\$0.017)
Dec 20	\$2.760	\$0.013
Jan 21	\$2.895	\$0.012
Feb 21	\$2.860	\$0.013
Mar 21	\$2.756	\$0.017
Apr 21	\$2.489	\$0.015
May 21	\$2.457	\$0.014
Jun 21	\$2.495	\$0.013
Jul 21	\$2.540	\$0.012

(Sources: EIA, CME Group, Baker Hughes)

**Crude Oil** – The West Texas Intermediate price for crude oil is above \$40 per barrel for the prompt month and throughout 2021. Oil prices continue to show signs of strengthening as European and Asian demand for crude oil and refined production continues to improve.

**Natural Gas Production and Rig Count** – Baker Hughes reports the natural gas rig count remained at 75, unchanged from the prior week. This compares to 173 last year. According to a private forecaster, June production is averaging 86.7 Bcf per day which is 0.9 Bcf per day lower than last month.

**Natural Gas Exports** – Exports to Mexico are averaging 5.6 Bcf per day which is 0.8 Bcf per day higher than last month and 0.4 Bcf per day higher than last year. LNG deliveries are averaging 4.6 Bcf per day which is 2.6 Bcf per day lower than last month but 1.6 Bcf per day higher than last year.

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July 09, 2020

Week Ending 07-03-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+56	+83	+68	51	17
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3133	2448	2679	+65	+454

**Natural Gas** – The August NYMEX contract continued its climb after the holiday weekend, settling on Monday at \$1.830 per MMBtu, an increase of \$.096. On Tuesday, the contract surged to a two-month high (closing at \$1.876 per MMBtu) after a force majeure on the Mountaineer Xpress Pipeline cut Appalachian production by over 2.2 Bcf per day, with no announced timeline for a return to service. Technical indicators are pausing, looking for direction either up or down. Current support is at \$1.76 and \$1.72 per MMBtu and resistance at \$1.93 and \$2.01 per MMBtu.

**Storage** – For the second week in a row, a below-average storage injection was expected at 55 Bcf. The actual injection reported by EIA is 56 Bcf. This is below both last year's injection of 83 Bcf and the five-year average of 68 Bcf. Inventories are at 3.133 Tcf and are 685 Bcf above last year's level and 454 Bcf above the five-year average. EIA forecasts levels will reach 4.039 Tcf by the end of October which be the most end-of-October gas in storage on record, surpassing the previous record of 4.013 Tcf in 2016.

**Weather** – Both the six-to-ten-day and eight-to-fourteen-day forecasts from the National Weather Service continue to be for above average temperatures for much of the U.S. This is one of the hottest starts on record for July and the warmer-than-normal outlook is expected to continue during the summer.

**Crude Oil** – The West Texas Intermediate price for crude oil continues near \$40 per barrel. U.S. weekly oil output fell to 10.5 million barrels per day, down from 13 million barrels per day at the beginning of the year, the largest and fastest fall in production in U.S. history.

NYMEX NG Price Summary Data as of 07-08-2020		
Month	Price \$/MMBtu	Change
Aug 20	\$1.824	(\$0.052)
Sep 20	\$1.876	(\$0.063)
Oct 20	\$1.970	(\$0.058)
Nov 20	\$2.355	(\$0.026)
Dec 20	\$2.767	(\$0.015)
Jan 21	\$2.895	(\$0.013)
Feb 21	\$2.863	(\$0.012)
Mar 21	\$2.760	(\$0.008)
Apr 21	\$2.497	(\$0.002)
May 21	\$2.465	\$0.000
Jun 21	\$2.508	\$0.002
Jul 21	\$2.559	\$0.005

(Sources: EIA, CME Group, Baker Hughes)

**Natural Gas Production and Rig Count** – Baker Hughes reports the natural gas rig count increased by 1 to 76 compared to 174 at the same time last year. According to a private forecaster, July production is averaging 88.0 Bcf per day which is 1.4 Bcf/day higher than last month.

**EIA Short-term Energy Outlook** – The EIA forecasts:

- Oil prices to remain above \$40 per barrel during the second half of 2020 and increase by \$10 per barrel in 2021.
- U.S. oil production to decline to 11.6 million barrels per day in 2020 and 11.0 million barrels per day in 2021, from 12.2 million barrels/day in 2019.
- U.S. gas production to average 89.2 Bcf per day in 2020, down from 92.2 Bcf per day in 2019, and decline to 84.2 Bcf per day in 2021.
- Gas consumption to decline by 3% in 2020 and by 5% in 2021 as a result of rising prices which will reduce the use of gas in the electric power sector.
- Henry Hub spot prices to average \$1.93 per MMBtu in 2020 and \$3.10 per MMBtu in 2021.

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July 16, 2020

Week Ending 07-10-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+45	+67	+63	51	16
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3178	2515	2742	+56	+436

**Natural Gas** – Even with record hot weather and below-average storage injections, the August NYMEX contract has drifted down since last week. After closing out last week at \$1.805 per MMBtu, the contract has traded in the mid-\$1.70's with relatively small movements day to day. The future calendar year strips are also showing little change, with 2021 as the highest near \$2.60 per MMBtu and 2022-2024 all near \$2.44 per MMBtu.

Technical indicators have declined slightly from last week. Current support is at \$1.71 and \$1.62 per MMBtu and resistance is at \$1.88 and \$1.95 per MMBtu.

**Storage** – A below-average storage injection was expected again at 50 Bcf. The actual injection reported by EIA is 45 Bcf. This is below both last year's injection of 67 Bcf and the five-year average of 63 Bcf. Inventories are at 3.178 Tcf and the surplus continues to decline with inventories at 663 Bcf above last year's level and 436 Bcf above the five-year average.

**Weather** – The National Weather Service continues to forecast above average temperatures for much of the U.S. for the next two weeks with the above-normal temperatures focused across the Midwest and into the East. So far, this summer is the second hottest since 1950. If this pattern continues into August, this summer could be in the top five warmest.

NYMEX NG Price Summary Data as of 07-15-2020		
Month	Price \$/MMBtu	Change
Aug 20	\$1.778	\$0.032
Sep 20	\$1.818	\$0.031
Oct 20	\$1.917	\$0.026
Nov 20	\$2.366	\$0.018
Dec 20	\$2.760	\$0.006
Jan 21	\$2.888	\$0.004
Feb 21	\$2.852	\$0.002
Mar 21	\$2.750	(\$0.001)
Apr 21	\$2.476	\$0.003
May 21	\$2.443	\$0.004
Jun 21	\$2.480	\$0.005
Jul 21	\$2.524	\$0.004

(Sources: EIA, CME Group, Baker Hughes)

**Crude Oil** – The West Texas Intermediate price for crude oil has remained near \$40 per barrel for over a month. The OPEC+ production cuts may be eased from 9.7 to 7.7 million barrels per day, with the extra oil on the market potentially impacting prices.

**Natural Gas Production and Rig Count** – Baker Hughes reports the natural gas rig count decreased by 1 to 75 compared to 172 at the same time last year. According to a private forecaster, July production continues to average near 88.0 Bcf/day.

**Natural Gas Demand/LNG** – The EIA reports natural gas demand is up 9.8% from last week with power generation demand leading the way with a 21% increase due to record temperatures. Residential and commercial demand is flat and industrial demand had a slight decline. LNG feedgas deliveries are reported at 3.3 Bcf per day, the lowest in 17 months. This is down from 9.5 Bcf per day at the beginning of 2020 and 2.8 Bcf per day lower than last year.

The August NYMEX contract will settle for the month on Wednesday, July 29.

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July 23, 2020

Week Ending 07-17-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+37	+44	+37	52	15
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3215	2559	2779	+45	+436

**Natural Gas** – Both the record hot weather and below-average storage injections continue, but the August NYMEX contract continues to drift down over the past week. Friday’s close was \$1.718 per MMBtu and the contract traded as low as \$1.605 on Monday before increasing to Wednesday’s settlement of \$1.681 per MMBtu. The upcoming winter strip (Nov20-Mar21) is trading near \$2.66 per MMBtu and next Summer’s strip is near \$2.50 per MMBtu. Technical indicators have declined from last week. Current support is at \$1.61 and \$1.58 per MMBtu and resistance is at \$1.81 and \$1.88 per MMBtu.

**Storage** – The fourth straight below-average storage injection was expected again this week at 33 Bcf. The actual injection reported by EIA is 37 Bcf. This is below last year’s injection of 44 Bcf and equal to the five-year average of 37 Bcf. Inventories are at 3.215 Tcf and the surplus declines again with inventories at 656 Bcf above last year’s level and 436 Bcf above the five-year average.

**Weather** – The National Weather Service continues to forecast above average temperatures in both the six-to-ten and eight-to-14-day forecasts. High temperatures remain in July with the focus in the Midwest.

**Crude Oil** – The West Texas Intermediate price for crude oil is still trading near \$40 per barrel. Gasoline demand increased to 8.7 million barrels per day, only 500,000 barrels per day below last year’s level after bottoming at 3.5 million barrels per day in April.

NYMEX NG Price Summary Data as of 07-22-2020		
Month	Price \$/MMBtu	Change
Aug 20	\$1.681	\$0.006
Sep 20	\$1.718	\$0.004
Oct 20	\$1.838	\$0.001
Nov 20	\$2.288	(\$0.022)
Dec 20	\$2.694	(\$0.009)
Jan 21	\$2.826	(\$0.007)
Feb 21	\$2.797	(\$0.006)
Mar 21	\$2.703	(\$0.002)
Apr 21	\$2.464	\$0.007
May 21	\$2.434	\$0.009
Jun 21	\$2.477	\$0.008
Jul 21	\$2.528	\$0.009

(Sources: EIA, CME Group, Baker Hughes)

**Natural Gas Production and Rig Count** – Baker Hughes reports the natural gas rig count decreased by 4 to 71 compared to 174 at the same time last year. According to a private forecaster, July production is averaging at 87.7 Bcf/day which is 1 Bcf per day above last month.

**Natural Gas Demand** – July temperatures still support record or near-record demand in the power sector. LNG exports remain depressed at 3.3 Bcf per day and are expected to stay near 4 Bcf per day for the remainder of the summer. Exports to Mexico are up slightly from both last month and last year. A new pipeline interconnect in southern Mexico is expected to bring additional deliveries to the region.

**Power Generation** – The EIA expects natural gas fired generation to average near 45 Bcf per day this week which is close to the all-time high. Gas fired generation increased nearly 9% in the first half of 2020 and was the fastest growing source of generation due to the installation of new capacity and lower gas prices.

The August NYMEX contract will settle for the month on Wednesday, July 29.

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July 30, 2020

Week Ending 07-24-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+26	+56	+33	54	14
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3241	2615	2812	+37	+429

**Natural Gas** – The August NYMEX contract ended its run with an increase, settling for the month at \$1.854 per MMBtu. This settlement is \$.359 above last month’s settlement of \$1.495 per MMBtu and \$.287 below last year’s expiration of \$2.141 per MMBtu. As it prepares to take the lead position, the September contract settled \$.066 higher on Wednesday at \$1.930. The upcoming winter strip (Nov20-Mar21) has increased significantly from last week, settling on Wednesday at \$2.858 per MMBtu and next Summer’s strip is near \$2.64 per MMBtu. Technical indicators have increased from last week. Current support is at \$1.87 and \$1.79 per MMBtu and resistance is at \$1.99 and \$2.05 per MMBtu.

**Storage** – Another below-average storage injection was expected again this week at 23 Bcf. The actual injection reported by EIA is 26 Bcf. This is below both last year’s injection of 56 Bcf and the five-year average of 33 Bcf. Inventories are at 3.241 Tcf and the surplus over last year continues to decline with inventories at 626 Bcf above last year’s level and 429 Bcf above the five-year average. The average rate of injection in 2020 has been 12% higher than the five-year average. If the rate of injection matches the five-year average for the remainder of the injection season, total inventory at the end of October would be a record of 4.159 Tcf.

**Crude Oil** – The West Texas Intermediate price for crude oil traded above \$42 per barrel on several days over the past week but has returned to near \$40 per barrel. The EIA reported an increase in inventories over twice of what was expected with current inventories at 19% above the seasonal average.

NYMEX NG Price Summary Data as of 07-29-2020		
Month	Price \$/MMBtu	Change
Aug 20	\$1.854	\$0.054
Sep 20	\$1.930	\$0.066
Oct 20	\$2.079	\$0.067
Nov 20	\$2.538	\$0.080
Dec 20	\$2.896	\$0.074
Jan 21	\$3.010	\$0.066
Feb 21	\$2.975	\$0.064
Mar 21	\$2.871	\$0.059
Apr 21	\$2.609	\$0.043
May 21	\$2.576	\$0.042
Jun 21	\$2.615	\$0.040
Jul 21	\$2.662	\$0.038

(Sources: EIA, CME Group, Baker Hughes)

**Weather** – July has been one of the hottest months on record with extreme heat continuing in the Northeast. The 6-to-10-day forecast indicates moderating temperatures in the eastern two-thirds of the country, but the West is also anticipating high temperatures. The 11-to-15-day forecast shows the heat in the West expanding across the North and East but more seasonable temperatures in the South.

**Natural Gas Production and Rig Count** – Baker Hughes reports the natural gas rig count decreased by 3 to 68 compared to 169 at the same time last year. The EIA reported an increase in production last week to 89.7 Bcf per day.

**Natural Gas Demand** – EIA reports natural gas demand rising by small amounts in the power burn, residential/commercial and LNG export segments – all increasing by less than 1 Bcf per day.

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