



September 03, 2020

Week Ending 08-28-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+35	+77	+66	61	9
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3455	2917	3048	+45	+407

Natural Gas – The September NYMEX contract settled for the month last Thursday at \$2.579 per MMBtu. This settlement is \$0.725 per MMBtu higher than last month’s settlement of \$1.854 and \$0.328 per MMBtu higher than last year’s settlement of \$2.251. As the October contract took over the prompt position, some of the ‘hurricane premium’ has started to dissipate and the contract has steadily declined since last Friday’s settlement of \$2.657 to Wednesday’s settlement of \$2.486. The contract has reversed course early Thursday morning and is trading near \$2.55 in anticipation of what could be the lowest storage injection of the summer. On Wednesday, the Winter strip settled at \$3.238 per MMBtu. Technical indicators moved down with support now at \$2.43 and \$2.37 per MMBtu and resistance is at \$2.62 and \$2.71 per MMBtu.

Storage – The expectation for this week’s storage injection was 29 Bcf. The actual injection reported by EIA is 35 Bcf. This is below both last year’s injection of 77 Bcf and the five-year average of 66 Bcf. Inventories are now at 3.455 Tcf with levels at 538 Bcf above last year’s level and 407 Bcf above the five-year average.

Weather – Both the short-term and longer-term forecasts indicate a cooling pattern in the mid-continent. Temperatures in most of the West remain above normal while the East has a more variable pattern.

Natural Gas Demand – EIA reports total U.S. consumption of natural gas increased slightly (0.8%) over the prior week. Power generation and industrial demand showed a decrease while residential/commercial demand and exports to Mexico increased.

NYMEX NG Price Summary Data as of 09-02-2020		
Month	Price \$/MMBtu	Change
Oct 20	\$2.486	(\$0.041)
Nov 20	\$2.931	\$0.030
Dec 20	\$3.288	\$0.022
Jan 21	\$3.399	\$0.024
Feb 21	\$3.357	\$0.030
Mar 21	\$3.216	\$0.031
Apr 21	\$2.844	\$0.021
May 21	\$2.794	\$0.018
Jun 21	\$2.817	\$0.017
Jul 21	\$2.847	\$0.016
Aug 21	\$2.854	\$0.016
Sep 21	\$2.842	\$0.016

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – The WTI NYMEX prompt month price has declined from the \$43 per barrel level to near \$40 per barrel.

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count increased by 3 to 72 for the week ending August 28. This compares to last year’s rig count of 162 for the same period. Production has averaged near 85-86 Bcf per day this week which is lower than last month due to Hurricane Laura.

Hurricane Laura – Both demand and production have been impacted by the hurricane. According to the federal Bureau of Safety and Environmental Enforcement, shut-in of Gulf of Mexico oil production has declined from 85% to 28% and offline gas has declined from 60% to 25%. Power generation demand remains low due to the large number of customers without power and LNG feed gas and industrial/refinery demand is impacted as facilities are offline. There are varying reports of whether demand declines will offset production losses.

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

September 10, 2020

Week Ending 09-04-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+70	+80	+68	59	8
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3525	2997	3116	+35	+409

Natural Gas – The October NYMEX contract settled last Friday at \$2.588 per MMBtu in advance of the holiday weekend. After the holiday, prices have softened as production continues to return online and demand in several sectors is low. The contract settled on Wednesday at \$2.406 per MMBtu and is down another \$0.04 per MMBtu early Thursday morning. On Wednesday, the Winter strip settled at \$3.200 per MMBtu. Technical indicators are moving down with support now at \$2.31 and \$2.26 per MMBtu and resistance is at \$2.45 and \$2.55 per MMBtu.

Storage – The expectation for this week’s storage injection was higher at 64 Bcf. The actual injection reported by EIA is 70 Bcf. This is below last year’s injection of 80 Bcf and slightly above the five-year average of 68 Bcf. Inventories are at 3.525 Tcf with levels now 528 Bcf above last year’s level and 409 Bcf above the five-year average.

Weather – A short-term cold front has settled over the Midwest with expectations to return to normal next week. The longer-term forecast includes heat in the West and South. There are no imminent threats to the US from tropical storms.

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count was unchanged at 72 for the week ending September 4. This compares to last year’s rig count of 160 for the same period. Production remains near 86-87 Bcf per day as 10% of oil and 12% of gas remain offline due to the hurricane.

Natural Gas Demand – LNG feed gas deliveries increased to near 7 Bcf per day from 3 Bcf per day last week as facilities return to service after Hurricane Laura. Exports to Mexico are up slightly to near 6 Bcf/day.

NYMEX NG Price Summary Data as of 09-09-2020		
Month	Price \$/MMBtu	Change
Oct 20	\$2.406	\$0.006
Nov 20	\$2.873	(\$0.019)
Dec 20	\$3.241	\$0.006
Jan 21	\$3.361	\$0.009
Feb 21	\$3.323	\$0.010
Mar 21	\$3.201	\$0.014
Apr 21	\$2.862	\$0.004
May 21	\$2.820	\$0.005
Jun 21	\$2.844	\$0.005
Jul 21	\$2.877	\$0.006
Aug 21	\$2.887	\$0.007
Sep 21	\$2.875	\$0.007

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – The WTI NYMEX prompt month price broke out of the \$40-\$43 per barrel trading range to trade below \$38 per barrel. Global demand for fuel is influencing these prices near 5-week lows.

EIA Short-Term Energy Outlook – The EIA forecasts:

- Production to average 89.9 Bcf per day in 2020 and 86.6 Bcf per day in 2021, with increases in the second quarter in response to higher prices
- Consumption to average 82.7 Bcf per day in 2020, down 2.7% from 2019, with the largest decline in the industrial sector. An additional 4.3% decline is expected for 2021 due to rising prices and reduced power generation demand
- Storage inventories to reach almost 4.0 Tcf by October 31, 6% above the five-year average
- Prices at Henry Hub to increase to \$3.40 per MMBtu in January 2021 and to remain above \$3.00 in 2021
- LNG exports to return to pre-COVID levels by November and average above 9 Bcf per day through February 2021

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September 17, 2020

Week Ending 09-11-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+89	+82	+77	55	7
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3614	3079	3193	+70	+421

Natural Gas – The October NYMEX contract settled last Friday at \$2.269 per MMBtu and increased nearly \$.10 per MMBtu during the early part of the week in response to Hurricane Sally. The contract then declined rapidly, returning to settle at \$2.267 per MMBtu on Wednesday, and down another \$0.20 per MMBtu early Thursday morning. The Winter strip settled on Wednesday at \$3.068 per MMBtu. Technical indicators are moving down again with support now at \$2.17 and \$2.09 per MMBtu and resistance is at \$2.36 and \$2.43 per MMBtu.

Storage – The expectation for this week’s storage injection was again higher at 80 Bcf. The actual injection reported by EIA is 89 Bcf. This is above both last year’s injection of 82 Bcf and the five-year average of 77 Bcf. Inventories are at 3.614 Tcf with levels now 535 Bcf above last year’s level and 421 Bcf above the five-year average.

Weather – Cooler fall-like weather arrived in the middle of the United States and the West is seeing much lower temperatures than the all-time highs of the past month. Hurricane Sally made landfall early Wednesday with wind damage and widespread flooding. The hurricane will impact both offshore production and onshore facilities due to flooding.

Crude Oil – Over the last week the WTI NYMEX prompt month price remained below the \$40 per barrel support level that had held for several months. Prices returned to over \$40 on Wednesday in response to strong Chinese economic data, a decline in inventories as reported by EIA, and the report that the UAE will reduce exports in October and November.

NYMEX NG Price Summary Data as of 09-16-2020		
Month	Price \$/MMBtu	Change
Oct 20	\$2.267	(\$0.095)
Nov 20	\$2.664	(\$0.077)
Dec 20	\$3.120	(\$0.038)
Jan 21	\$3.249	(\$0.033)
Feb 21	\$3.210	(\$0.036)
Mar 21	\$3.097	(\$0.036)
Apr 21	\$2.814	(\$0.028)
May 21	\$2.779	(\$0.026)
Jun 21	\$2.808	(\$0.026)
Jul 21	\$2.846	(\$0.025)
Aug 21	\$2.857	(\$0.024)
Sep 21	\$2.846	(\$0.024)

(Sources: EIA, CME Group, Baker Hughes)

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count declined by 1 to 71 for the week ending September 11. This compares to last year’s rig count of 153 for the same period. Production remains near 85-86 Bcf per day and offline oil and gas production has increased to 27% as Hurricane Sally is now impacting the Gulf.

Natural Gas Demand – The EIA reports natural gas consumption declined by 3.9% with power generation demand posting the largest decline of 7.8% as hot weather dissipated and seasonal fall temperatures arrived for much of the country.

LNG – Deliveries to LNG export facilities reached as high as 7.3 Bcf per day and this is with one facility still offline as a result of Hurricane Laura. Once restored to service, LNG feedstock levels may quickly approach the 9 Bcf per day level in the 4th quarter.

The October contract will settle on Monday, Sep 28.

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September 24, 2020

Week Ending 09-18-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+66	+97	+80	53	6
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3680	3176	3273	+89	+407

Natural Gas – The October NYMEX contract vacillated widely this week. After settling at \$2.048 per MMBtu last Friday, the contract plummeted on Monday to a settlement of \$1.835 per MMBtu and remained there through Tuesday’s trading. Prices rebounded by \$.29 per MMBtu on Wednesday to settle at \$2.125 per MMBtu and are up another \$0.10 per MMBtu on Thursday. An improved outlook for LNG demand, incremental exports to Mexico and a forecast for colder weather are all supporting prices. The November contract also shot up \$.197 per MMBtu on Wednesday to settle at \$2.794 as it prepares to take the prompt month position next week. Technical indicators for November have support at \$2.71 and \$2.50 per MMBtu and resistance is at \$2.96 and \$3.04 per MMBtu.

Storage – The expectation for this week’s storage injection was 79 Bcf. The actual injection reported by EIA is below expectations at 66 Bcf. This is below both last year’s injection of 97 Bcf and the five-year average of 80 Bcf. Inventories are at 3.680 Tcf with levels at 504 Bcf above last year’s level and 407 Bcf above the five-year average.

Weather – The forecast indicates below normal temperatures for the Midwest and moving into the East in the first part of October, with the West continuing above normal. Longer-term temperatures are mostly mild for the nation as a whole.

Crude Oil – The WTI NYMEX prompt month price has hovered near \$40 per barrel with prices increasing to over \$42 per barrel during 2021. OPEC+ volume increases are expected to continue to impact prices.

NYMEX NG Price Summary Data as of 09-23-2020		
Month	Price \$/MMBtu	Change
Oct 20	\$2.125	\$0.291
Nov 20	\$2.794	\$0.197
Dec 20	\$3.229	\$0.095
Jan 21	\$3.348	\$0.084
Feb 21	\$3.303	\$0.080
Mar 21	\$3.165	\$0.066
Apr 21	\$2.834	\$0.042
May 21	\$2.783	\$0.033
Jun 21	\$2.807	\$0.032
Jul 21	\$2.843	\$0.031
Aug 21	\$2.856	\$0.031
Sep 21	\$2.844	\$0.031

(Sources: EIA, CME Group, Baker Hughes)

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count increased by 2 to 73 for the week ending September 18. This compares to last year’s rig count of 148 for the same period. Production remains level near 84-86 Bcf per day with 8% of crude and 6% of gas production in the Gulf reported offline.

Natural Gas Demand – Natural gas consumption declined by 3% with power generation demand decreasing by 6% as fall temperatures continue. Exports to Mexico also decreased while LNG exports increased.

LNG – Deliveries to LNG export facilities have ranged between 4.0 to 6.1 Bcf/day. Some facilities are resuming operations after Tropical Storm Beta while another facility is not expected to return to service until late October.

Hurricanes and Tropical Storms – Three recent storms not only reduced production, but also resulted in a loss of demand due to disruptions in LNG feed gas and extended power outages. Also impacted were chemical plants, refineries, fuel export terminals and shipping channels.

The October contract will settle on Monday, Sep 28.

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