



January 03, 2020

Week Ending 12-27-2019	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-58	-24	-89	-133	15
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3192	2708	3230	-161	-38

HAPPY NEW YEAR

Natural Gas – The January NYMEX contract settled for the month at \$2.158 per MMBtu. This settlement is \$.312 lower than last month’s settlement of \$2.470 and \$1.484 lower than last year’s expiration of \$3.642. As February takes the prompt month position this week, the market continues to search for direction as trading has been in a narrow range of \$.055 to \$.075 per MMBtu with daily settlements near \$2.18 per MMBtu prior to the New Year holiday. After the holiday, prices declined to settle on Thursday at \$2.122 and remain in that area in advance of the storage report. Technical indicators have declined with support at \$2.10 and \$2.03 per MMBtu and resistance at \$2.17 and \$2.23 per MMBtu.

Storage – Expectations for this week’s EIA report were for a withdrawal of 67 Bcf due to reduced demand around the Christmas holiday. The actual withdrawal was 58 Bcf. This withdrawal is higher than last year’s withdrawal of 24 Bcf but lower than the five-year average withdrawal of 89 Bcf. Inventories are now at 3.192 Tcf and are 484 Bcf above last year’s level and 38 Bcf below the five-year average. The major uncertainty for end-of-March inventory levels is from the weather. Under a colder-than-normal scenario, the storage level would be impacted by disruptions to production due to well freeze-offs and/or delays in well completions.

Weather – The National Weather Service is forecasting below-average temperatures moving into the Midwest and Northeast during the next six to ten days. This would likely increase natural gas demand in these regions.

NYMEX NG Price Summary Data as of 01-02-2020		
Month	Price \$/MMBtu	Change
Feb 20	\$2.122	(\$0.067)
Mar 20	\$2.093	(\$0.065)
Apr 20	\$2.098	(\$0.051)
May 20	\$2.142	(\$0.046)
Jun 20	\$2.202	(\$0.044)
Jul 20	\$2.262	(\$0.041)
Aug 20	\$2.281	(\$0.038)
Sep 20	\$2.276	(\$0.035)
Oct 20	\$2.311	(\$0.035)
Nov 20	\$2.400	(\$0.027)
Dec 20	\$2.587	(\$0.016)
Jan 21	\$2.702	(\$0.018)

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – WTI prompt month prices remain above \$60 per barrel with a sizeable increase (\$2.00+ per barrel) on Thursday. Current prices are also above \$60 per barrel into the 4th quarter of 2020.

Natural Gas Rig Count – Baker Hughes reports the natural gas rig count through December 27 is unchanged from the prior week at 125 compared to 198 at the same time last year.

LNG – Europe’s imports of LNG have been steadily increasing and are at record levels in late 2019. Lower LNG prices in Asia have narrowed the price differential and have contributed to the increased shipments to Europe. The U.S. had the largest increase in LNG exports among suppliers to Europe.

Holiday Schedule – The EIA storage report, and therefore this Weekly Energy Report, will return to its normal schedule next week being issued on Thursday.

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

January 09, 2020

Week Ending 01-03-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-44	-81	-156	-139	14
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3148	2627	3074	-58	+74

Natural Gas – The February NYMEX contract has traded in a very tight band over the past few days. Daily settlements ranged from \$2.130 to \$2.162 per MMBtu as the market trades sideways and continues to search for direction. The lack of extended cold weather is contributing to the current lower prices but it's still too early in the Winter season to negate the impact of a cold spell which, if of a longer duration, could prompt a significant price spike. Prompt month NYMEX prices were above \$2.40 per MMBtu less than a month ago and the weather remains the primary driver for any increases for the remainder of Winter.

Technical indicators show little change with support at \$2.09 and \$2.03 per MMBtu and resistance at \$2.21 and \$2.28 per MMBtu.

Storage – Expectations for this week's EIA report were for a withdrawal of 50 Bcf due to reduced demand around the New Year holiday. The actual withdrawal was 44 Bcf. This withdrawal is lower than both last year's withdrawal of 81 Bcf and the five-year average withdrawal of 156 Bcf. Inventories are now at 3.148 Tcf and are 521 Bcf above last year's level and 74 Bcf above the five-year average. Inventory levels have not exceeded the five-year average since mid-November. The current level of natural gas inventories contributes to the near-term price weakness.

NYMEX NG Price Summary Data as of 01-08-2020		
Month	Price \$/MMBtu	Change
Feb 20	\$2.141	(\$0.021)
Mar 20	\$2.134	(\$0.019)
Apr 20	\$2.135	(\$0.011)
May 20	\$2.177	(\$0.006)
Jun 20	\$2.238	(\$0.001)
Jul 20	\$2.299	\$0.005
Aug 20	\$2.317	\$0.007
Sep 20	\$2.308	\$0.004
Oct 20	\$2.337	\$0.000
Nov 20	\$2.422	\$0.000
Dec 20	\$2.607	\$0.000
Jan 21	\$2.715	(\$0.003)

(Sources: EIA, CME Group, Baker Hughes)

Weather – The National Weather Service is forecasting above-average temperatures in the East and South over the next 8 to 14 days. This contrasts sharply with the cold air developing in the Western part of the country which could move east unless weather patterns in the south hold it at bay.

Crude Oil – Crude oil prices received a jolt on the news that the U.S. had killed Iranian General Soleimani. Prices traded over \$65 per barrel before tumbling back below \$60 per barrel as tensions have slightly eased.

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count through January 3 decreased by 2 to 123 compared to 198 at the same time last year. Production declined slightly in December. The December average of 94 Bcf per day is down approximately 1 Bcf per day from November.

LNG – Exports continue to increase as infrastructure and new projects come on-line. Demand for LNG feedstock reached an all-time high of 8 Bcf per day in December which is an increase of 3.6 Bcf per day over last year.

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January 16, 2020

Week Ending 01-10-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-109	-82	-184	-141	13
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3039	2545	2890	-44	+149

Natural Gas – The February NYMEX contract continued to trade in a very tight band as daily settlements ranged between \$2.18 and \$2.20 per MMBtu. Despite a colder weather forecast, prices tumbled on Wednesday to settle at \$2.12 and have remained there even after a storage withdrawal which was above expectations. It is, however, worth noting that there is still over 50% of the Winter season remaining and extended cold weather will be a driver to support prices. Technical indicators are unchanged with support at \$2.09 and \$2.03 per MMBtu and resistance at \$2.21 and \$2.28 per MMBtu.

Storage – Expectations for this week’s EIA report were for a withdrawal of 92 Bcf. The actual withdrawal was 109 Bcf. This withdrawal is higher than last year’s withdrawal of 82 Bcf but lower than the five-year average withdrawal of 184 Bcf. Inventories are now at 3.039 Tcf and are 494 Bcf above last year’s level and 149 Bcf above the five-year average.

Weather – Temperatures for the first half of January were above normal in key areas of the U.S. but much-below normal cold air will be arriving throughout the upper Midwest around the 18th of the month and will likely extend through most of the eastern half of the country.

Crude Oil – Crude oil prices have fallen over \$5 per barrel to trade below \$60 per barrel. Global inventories are at all-time highs as is U.S. crude oil production, a combination that has mitigated price impacts related to political events.

NYMEX NG Price Summary Data as of 01-15-2020		
Month	Price \$/MMBtu	Change
Feb 20	\$2.120	(\$0.067)
Mar 20	\$2.083	(\$0.068)
Apr 20	\$2.097	(\$0.057)
May 20	\$2.144	(\$0.050)
Jun 20	\$2.203	(\$0.045)
Jul 20	\$2.266	(\$0.040)
Aug 20	\$2.286	(\$0.036)
Sep 20	\$2.281	(\$0.034)
Oct 20	\$2.313	(\$0.032)
Nov 20	\$2.400	(\$0.027)
Dec 20	\$2.586	(\$0.022)
Jan 21	\$2.698	(\$0.023)

(Sources: EIA, CME Group, Baker Hughes)

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count decreased by 4 to 119 compared to 202 at the same time last year. The anticipated leveling off of production has begun, with the month-to-date average at 94.1 Bcf per day, a decrease of 0.3 Bcf per day from last month but an increase of 2.4 Bcf per day over last year.

EIA Short-Term Energy Outlook

- Gas production set a record in 2019 averaging 92.0 BCF per day. EIA forecasts 94.7 Bcf per day in 2020 then a decline to 94.1 in 2021.
- Henry Hub gas prices are forecasted to average \$2.33 per MMBtu in 2020 down from \$2.57 in 2019 but expected to increase to \$2.54 in 2021.
- Crude oil production averaged 12.2 million barrels per day in 2019 and is forecast to average 13.3 in 2020 and 13.7 in 2021.
- EIA estimates that the US has been a net exporter of crude oil since September and forecasts net exports will increase in both 2020 and 2021.

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January 23, 2020

Week Ending 01-17-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-92	-152	-194	-146	12
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2947	2393	2696	-109	+251

Natural Gas – At the historically peak demand period of the winter season, the February NYMEX contract (as well as the March and April contracts) have plummeted right through what was expected to be a formidable barrier at \$2.00 per MMBtu. What is often a short-lived dip has expanded into several days of trading below \$2.00 due to declining demand and excess supply. After Monday’s holiday, the February contract settled on Tuesday at \$1.895, for the first time of trading below \$2.00 in nearly four years. Prices have moved up slightly on Wednesday and Thursday with trading near \$1.93 after release of the storage report. The Summer strip (Apr-Oct) is also attractive for buyers at \$2.09 and the 12 and 24-month strips are at \$2.16 and \$2.28. Technical indicators have tumbled along with NYMEX with support now at \$1.83 and \$1.76 per MMBtu and resistance at \$1.99 and \$2.05 per MMBtu.

Storage – Expectations for this week’s EIA report were for a withdrawal near 88 Bcf. The actual withdrawal was 92 Bcf. This withdrawal is well below both than last year’s withdrawal of 152 Bcf and the five-year average withdrawal of 194 Bcf, both of which are more indicative of the current seasonal peak withdrawal period. Inventories are now at 2.947 Tcf and are 554 Bcf above last year’s level and 251 Bcf above the five-year average.

Weather – The forecast that was previously calling for an extended period of cold weather has been replaced with forecasts showing above average temperatures across most of the U.S. in both the six-to-ten day and eight-to-fourteen-day periods. Longer range forecasts, although more subject to change, suggest that February will experience colder than normal temperatures.

NYMEX NG Price Summary Data as of 01-22-2020		
Month	Price \$/MMBtu	Change
Feb 20	\$1.905	\$0.010
Mar 20	\$1.900	\$0.011
Apr 20	\$1.935	\$0.005
May 20	\$1.992	\$0.003
Jun 20	\$2.063	(\$0.001)
Jul 20	\$2.138	(\$0.003)
Aug 20	\$2.166	(\$0.003)
Sep 20	\$2.161	(\$0.004)
Oct 20	\$2.194	(\$0.007)
Nov 20	\$2.305	(\$0.007)
Dec 20	\$2.505	(\$0.008)
Jan 21	\$2.612	(\$0.007)

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – Crude oil prices continue to decline along with natural gas. Prompt month prices were trading between \$58 and \$59 per barrel but have fallen to trade below \$55 per barrel in recent days.

Natural Gas Demand – Demand for power generation and LNG feedstock both set record highs in January. However residential/commercial demand is averaging approximately 10% lower than January 2019.

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count increased by 1 to 120 compared to 202 at the same time last year. Historically low prices continue to give reason for producers to cut capital expenditure budgets. One source reports production averaging 91.6 Bcf per day over the last month compared to the record high of nearly 94 Bcf per day.

The February contract settles for the month on Wednesday, January 29.

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January 30, 2020

Week Ending 01-24-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-201	-171	-143	-141	11
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2746	2222	2553	-92	+193

Natural Gas – The February NYMEX contract continues to trade below the \$2.00 per MMBtu mark and the March through May contracts remain in that range as well. After several consecutive daily settlements below \$2.00, the February contract settled for the month at \$1.877 per MMBtu. This settlement was \$0.281 per MMBtu below last month’s settlement of \$2.158 and \$1.073 per MMBtu below last year’s settlement of \$2.950. Traditional winter temperatures have failed to arrive in major market areas with the duration and intensity that is needed to increase demand as well as prices.

Technical indicators have remained relatively stable with support now at \$1.83 and \$1.73 per MMBtu and resistance at \$1.94 and \$1.99 per MMBtu.

Storage – Expectations for this week’s EIA report were for the first large withdrawal of the season estimated near 205 Bcf. The actual withdrawal was 201 Bcf. This withdrawal is above both last year’s withdrawal of 171 Bcf and the five-year average withdrawal of 143 Bcf. Inventories are now at 2.746 Tcf and are 524 Bcf above last year’s level and 193 Bcf above the five-year average.

Weather – The six-to-ten day forecast continues to indicate above average temperatures across most of the U.S. as specific weather patterns are keeping the cold Canadian air up north. The longer-term expectation (eight-to-fourteen days out) is showing some below-average temperatures, especially in the Midwest.

NYMEX NG Price Summary Data as of 01-29-2020		
Month	Price \$/MMBtu	Change
Feb 20	\$1.877	(\$0.057)
Mar 20	\$1.865	(\$0.043)
Apr 20	\$1.909	(\$0.036)
May 20	\$1.971	(\$0.035)
Jun 20	\$2.038	(\$0.035)
Jul 20	\$2.108	(\$0.031)
Aug 20	\$2.135	(\$0.027)
Sep 20	\$2.130	(\$0.025)
Oct 20	\$2.161	(\$0.021)
Nov 20	\$2.266	(\$0.017)
Dec 20	\$2.454	(\$0.016)
Jan 21	\$2.563	(\$0.015)

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – Crude oil prices tumbled to below \$53 per barrel on Monday as both commodity and equity markets fell in response to concern over the extent and impact of the coronavirus. In addition, Libya’s oil production plummeted by 70% as tribal groups seized control of key production and export facilities. Significant supply disruptions in both 2019 and now 2020 continue to be quickly disregarded as prices go lower.

Natural Gas Production and Rig Count – Baker Hughes reports the natural gas rig count decreased by 5 to 115 compared to 197 at the same time last year. Production month-to-date has averaged 93.6 Bcf per day which is a slight increase of 1.9 Bcf per day above last year.

Corporate Profits – Energy companies in the S&P 500 are down 5.3% this year and analysts predict profits among the 28 S&P oil and gas companies will show a fall of 43% when the fourth quarter of 2019 results are issued. Poor financial performance may decrease 2020 production with potentially corresponding increases in prices.

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