



April 02, 2020

Week Ending 03-27-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-19	+6	-19	786	0
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
1986	1123	1694	-29	+292

Natural Gas – The April NYMEX contract settled for the month at \$1.634 per MMBtu which is the lowest settlement since 1995. The April settlement is \$.187 lower than last month and \$1.079 lower than last year. The May NYMEX contract began its prompt month position at a higher level, settling at \$1.69 on Monday but has since declined to settle below \$1.60 on Wednesday and decline even further on Thursday after the release of this week’s storage report. Meanwhile the calendar year strips for 2021 and 2022 are trading at \$2.494 and \$2.405 respectively indicating the market is not willing to give up higher prices other than in the near-term months. Technical indicators are down with support at \$1.52 and \$1.47 per MMBtu and resistance at \$1.63 and \$1.70 per MMBtu.

Storage – Expectations for this week’s EIA report were for a withdrawal near 24 Bcf. The actual withdrawal for this last full week of the traditional withdrawal season was below expectations at 19 Bcf. This withdrawal compares with an injection of 6 Bcf for last year and the five-year average withdrawal of 19 Bcf. Inventories are at 1.986 Tcf and are 863 Bcf above last year’s level and 292 Bcf above the five-year average.

Weather – The most recent National Weather Service forecast is for seasonally-normal temperatures in the mid-continent and cooler temperatures in the Northwest, Great Lakes and northern New England. Both the short- and long-term forecasts include warmer weather limited to the Southeast and Gulf Coast, with temperatures high enough for some potential air conditioning load.

NYMEX NG Price Summary Data as of 04-01-2020		
Month	Price \$/MMBtu	Change
May 20	\$1.587	(\$0.053)
Jun 20	\$1.712	(\$0.044)
Jul 20	\$1.886	(\$0.026)
Aug 20	\$1.958	(\$0.020)
Sep 20	\$1.990	(\$0.016)
Oct 20	\$2.059	(\$0.011)
Nov 20	\$2.292	(\$0.003)
Dec 20	\$2.623	\$0.008
Jan 21	\$2.748	\$0.009
Feb 21	\$2.716	\$0.010
Mar 21	\$2.616	\$0.012
Apr 21	\$2.375	\$0.016

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – Prompt month prices dipped below \$20 per barrel a few times but remain mostly in the low 20’s.

Natural Gas Rig Count – Baker Hughes reports continue to show decline as this week’s rig count decreased by 4 to 102 compared to 190 last year.

Natural Gas Demand – The EIA reports a 1% decline in total demand with the power generation, industrial, and LNG segments all showing decreases while exports to Mexico increased. Depending on how soon the economy can resume, the expectation for declining production, steady exports, and increasing market share for gas-fired electric generation (due to natural gas prices being more favorable than coal) could support rising prices in the second half of the year.

Keystone Pipeline – TC Energy announced it will proceed with construction of the 1210-mile Keystone XL Pipeline which will be capable of delivering 830,000 barrels per day of crude oil from Alberta, Canada to the U.S. In-service is estimated for 2023.

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

April 09, 2020

Week Ending 04-03-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+38	+6	+25	66	30
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2024	1148	1700	-19	+324

Natural Gas – The May NYMEX contract added some interest to the marketplace this week as prices increased nearly \$0.30 per MMBtu since last Thursday. The contract increased on three consecutive days to settle on Tuesday at \$1.852 per MMBtu before declining slightly on Wednesday to settle at \$1.783. The increase is attributed to the continuing rig count decline as well as the forecast for cooler weather. Technical indicators have also increased with support at \$1.72 and \$1.68 per MMBtu and resistance at \$1.85 and \$1.94 per MMBtu.

Storage – EIA reported the first injection of the season at 38 Bcf which was above market expectations. This injection is above both last year’s injection of 25 Bcf and the five-year average injection of 6 Bcf. Inventories are at 2.024 Tcf and are 876 Bcf above last year’s level and 324 Bcf above the five-year average. EIA forecasts storage levels to reach almost 3.9 Tcf by October 31.

Weather – Current temperatures will increase this week, followed by much cooler weather. The most recent National Weather Service forecast calls for below-average temperatures across most of the country in both the 6-10 day outlook and the 8-14 day outlook.

Crude Oil – Prices surged more than 25% last week to trade above \$25 per barrel as Saudi Arabia and Russia resumed talks regarding production levels. However, global demand decline is estimated at 15-20 million barrels per day, so any production cuts are unlikely to rebalance the market in the short term.

NYMEX NG Price Summary Data as of 04-08-2020		
Month	Price \$/MMBtu	Change
May 20	\$1.783	(\$0.069)
Jun 20	\$1.896	(\$0.053)
Jul 20	\$2.052	(\$0.011)
Aug 20	\$2.110	(\$0.008)
Sep 20	\$2.139	(\$0.010)
Oct 20	\$2.200	(\$0.008)
Nov 20	\$2.417	(\$0.006)
Dec 20	\$2.733	\$0.014
Jan 21	\$2.853	\$0.019
Feb 21	\$2.815	\$0.022
Mar 21	\$2.709	\$0.020
Apr 21	\$2.449	\$0.021

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

Natural Gas Production and Rig Count – Production is reported to have fallen 1% last week which could be the start of the long-forecast decline. In its latest report, Baker Hughes reports the natural gas rig count declined by 2 to 100 compared to 194 last year.

EIA Short-Term Energy Outlook – The EIA noted its STEO is subject to heightened levels of uncertainty as the impacts of COVID-19 on energy markets are still evolving. EIA forecasts:

- The U.S. will return to being a net importer of crude oil and petroleum products in the third quarter of 2020.
- Natural gas prices will begin to rise at the end of Q2 as production declines and power generation demand increases. Henry Hub prices will average \$2.11 per MMBtu in 2020 but increase sharply to average \$2.98 in 2021.
- Average gas demand in 2020 will decline in the residential, commercial and industrial sectors due to the warmer winter and slowing economy.
- Natural gas production will decline in 2020 from its 2019 record average of 92.2 Bcf per day, falling to 87.5 Bcf per day by December.



April 16, 2020

Week Ending 04-10-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+73	+73	+27	66	29
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2097	1221	1727	+38	+370

Natural Gas – In anticipation of the early spring cold front that stretched across the upper part of the U.S., the May NYMEX contract reached a near-term peak daily settlement of \$1.852 per MMBtu on April 7. Since that time, the May NYMEX contract has gradually declined to settle at \$1.598 per MMBtu on Wednesday of this week. Lower demand and warming temperatures are expected to continue to put downward pressure on prices. Technical indicators have also declined with support at \$1.50 and \$1.40 per MMBtu and resistance at \$1.66 and \$1.71 per MMBtu.

Storage – This week’s estimate was for an injection near 71 Bcf. The actual injection as reported by EIA is 73 Bcf which was near market expectations. This injection is equal to last year’s injection of 73 Bcf but significantly above the five-year average injection of 27 Bcf. Inventories are at 2.097 Tcf and are 876 Bcf above last year’s level and 370 Bcf above the five-year average.

Weather – Current temperatures are colder than normal in the northern sections of the country as an early spring cold snap moves across the U.S. The National Weather Service is forecasting below-average temperatures in the Northeast and Midcontinent in its six-to-ten-day forecast. The pattern in the Southeast and Gulf Coast is seasonably normal and warmer temperatures are moving in from the west in the eight-to-fourteen-day forecast.

NYMEX NG Price Summary Data as of 04-15-2020		
Month	Price \$/MMBtu	Change
May 20	\$1.598	(\$0.052)
Jun 20	\$1.748	(\$0.078)
Jul 20	\$1.946	(\$0.080)
Aug 20	\$2.037	(\$0.068)
Sep 20	\$2.068	(\$0.063)
Oct 20	\$2.138	(\$0.052)
Nov 20	\$2.392	(\$0.039)
Dec 20	\$2.743	(\$0.042)
Jan 21	\$2.880	(\$0.039)
Feb 21	\$2.844	(\$0.038)
Mar 21	\$2.726	(\$0.033)
Apr 21	\$2.470	(\$0.025)

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – Prompt month prices slumped to near \$20 per barrel following weekend talks between OPEC, Russia and non-OPEC producers regarding production cuts. Global demand has fallen by 20-25 million barrels per day which is the largest decrease in history. As a response on the supply side to the collapse of demand, OPEC and Russia announced a combined cut of 9.7 million barrels per day effective in May and the non-OPEC producers pledged cuts near 4 million barrels per day.

Natural Gas Production and Rig Count – Month-to-date production is reported to average 92.7 Bcf per day which is a decline of 0.6 Bcf per day from last month. In its latest report, Baker Hughes reports the natural gas rig count declined by 4 to 96 compared to 189 last year.

Natural Gas Demand – Demand has fallen in most regions as a result of lower heating demand. EIA reports total U.S. consumption declined 6% from the previous week. Residential/commercial demand fell by 15%, electric power demand was flat, and industrial consumption decreased by 5%.

The May NYMEX contract will settle for the month on Tuesday, April 28.



April 23, 2020

Week Ending 04-17-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+43	+92	+49	66	28
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2140	1313	1776	+73	+364

Natural Gas – After last week’s decline to below \$1.60 per MMBtu, the May NYMEX contract reversed course to end the week at \$1.753. On Monday when oil was trading in negative territory, gas validated its disconnect from the oil market by soaring to settle at \$1.924 per MMBtu. Volatility continued with a steep decline on Tuesday (to \$1.821) followed by an equally steep incline on Wednesday (to \$1.939). The typically lower demand in the Spring is being overshadowed by the near certainty of upcoming production declines due to shut-in of oil wells and the gas associated with those wells. The 2021 calendar strip also surged higher and is now at \$2.75 per MMBtu (up from \$2.59 last week) while calendar year 2022 remains in the \$2.52 range. Technical indicators have also increased with support at \$1.77 and \$1.72 per MMBtu and resistance at \$1.96 and \$2.05 per MMBtu.

Storage – The estimate for this week’s report was for an injection near 49 Bcf. EIA reported the actual injection at 43 Bcf which is slightly below market expectations. This injection is below both last year’s injection of 92 Bcf and the five-year average injection of 49 Bcf. Inventories are at 2.140 Tcf and are 827 Bcf above last year’s level and 364 Bcf above the five-year average. Unlike crude oil storage, natural gas caverns are less than half full, with nameplate capacity at about 4.5 Tcf and maximum operational capacity near 4.1 Tcf.

Weather – The National Weather Service continues to forecast below-average temperatures in the Northeast and Midcontinent in its near-term forecast. Most of the nation will see mild temperatures to start the month of May with some cooling demand in the Southwest and some overnight heating demand in the Northeast.

NYMEX NG Price Summary Data as of 04-22-2020		
Month	Price \$/MMBtu	Change
May 20	\$1.939	\$0.118
Jun 20	\$2.053	\$0.069
Jul 20	\$2.236	\$0.061
Aug 20	\$2.320	\$0.054
Sep 20	\$2.354	\$0.047
Oct 20	\$2.419	\$0.045
Nov 20	\$2.637	\$0.034
Dec 20	\$2.953	\$0.027
Jan 21	\$3.093	\$0.028
Feb 21	\$3.057	\$0.028
Mar 21	\$2.922	\$0.023
Apr 21	\$2.605	\$0.009

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

Crude Oil – Crude oil made both headlines and history as the May futures contract settled at minus \$37.63 per barrel on Monday. Global oil storage is almost full and demand is down nearly 25% amid a worldwide halt in travel and lockdown orders throughout industrialized nations. The contract gained \$47 overnight and settled for the month at \$10.01 per barrel.

Natural Gas Production and Rig Count – In its latest report, Baker Hughes reports the natural gas rig count declined by 7 to 89 compared to 187 last year. EIA estimates production through April 15 at an average of 93.7 Bcf per day. Production declines due to shutting in oil are projected near 8 Bcf per day in May alone.

Natural Gas Demand – Demand increased 3% over last week with the largest increase in residential/commercial at 9% due to cooler weather. Exports rose 8% while electric generation and industrial demand were unchanged.

The May NYMEX contract will settle for the month on Tuesday, April 28.

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April 30, 2020

Week Ending 04-24-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+70	+114	+74	66	27
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2210	1427	1850	+43	+360

Natural Gas – The May NYMEX contract settled for the month on Tuesday at \$1.794 per MMBtu. This settlement was \$0.16 higher than last month’s expiration of \$1.634 per MMBtu and \$0.77 lower than last year’s expiration of \$2.566 per MMBtu. The June contract has traded higher than May all week, settling on Tuesday at \$1.948 per MMBtu and on Wednesday at \$1.869 per MMBtu. The market continues to find support from cutbacks in drilling which will reduce production but is offset by the time of year when weather-related demand is historically low. Industrial demand is expected to increase in the coming weeks as states start to lift stay-at-home orders. The 2020 calendar year strip is now near \$2.13 per MMBtu with 2021 significantly higher at \$2.74 and 2022 back down at \$2.54. Technical indicators are similar to last week with support at \$1.81 and \$1.74 per MMBtu and resistance at \$1.98 and \$2.02 per MMBtu.

Storage – The estimate for this week’s report was for an injection of 69 Bcf. EIA reported the actual injection at 70 Bcf, very near market expectations. This injection is below both last year’s injection of 114 Bcf and the five-year average injection of 74 Bcf. Inventories are at 2.210 Tcf and are 783 Bcf above last year’s level and 360 Bcf above the five-year average.

Weather – The National Weather Service continues to forecast below-average temperatures in the Northeast and Midcontinent in its six-to-ten-day forecast with above-average temperatures in the rest of the country. The longer-term outlook includes overnight heating demand in the East.

NYMEX NG Price Summary Data as of 04-29-2020		
Month	Price \$/MMBtu	Change
Jun 20	\$1.869	(\$0.079)
Jul 20	\$2.091	(\$0.079)
Aug 20	\$2.196	(\$0.074)
Sep 20	\$2.255	(\$0.069)
Oct 20	\$2.349	(\$0.063)
Nov 20	\$2.594	(\$0.048)
Dec 20	\$2.920	(\$0.032)
Jan 21	\$3.064	(\$0.029)
Feb 21	\$3.027	(\$0.027)
Mar 21	\$2.895	(\$0.023)
Apr 21	\$2.596	(\$0.014)
May 21	\$2.566	(\$0.012)

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

Crude Oil – Prompt month crude oil prices have remained below \$20 per barrel with Q4 prices increasing to near \$30 per barrel. Prompt month prices could drop below zero again in the coming weeks as storage remains full.

Natural Gas Production and Rig Count – In its latest report, Baker Hughes reports the natural gas rig count declined by 4 to 85 compared to 186 last year. Third party estimates report month-to-date production at 92.7 Bcf per day which is down very slightly from last month.

LNG – Various sources have reported 20-25 LNG export cargos have been cancelled for June. This is potentially a result of low demand in Europe and Asia. LNG exports have remained solid through April but prolonged declines would impact overall natural gas demand.

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