



August 06, 2020

Week Ending 07-31-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+33	+58	+33	56	13
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3274	2673	2845	+26	+429

**Natural Gas** – The September NYMEX contract soared higher on Monday and Tuesday of this week, increasing \$.302 per MMBtu and \$.092 per MMBtu respectively. Wednesday’s activity paused to settle at \$2.191 per MMBtu but the market remains strong, supported by expectations of higher temperatures and increased LNG deliveries. The remainder of the Summer strip settled on Wednesday at \$2.261 per MMBtu and the Winter strip at \$2.953.

Technical indicators have increased substantially with current support at \$2.14 and \$2.07 per MMBtu and resistance is at \$2.31 and \$2.34 per MMBtu.

**Storage** – Storage injection expectations continue to be below average at 27 Bcf. The actual injection reported by EIA is 33 Bcf. This is below last year’s injection of 58 Bcf and equal to the five-year average of 33 Bcf. Inventories are at 3.274 Tcf with inventories now at 601 Bcf above last year’s level and 429 Bcf above the five-year average. Current levels are at approximately 74% of total storage capacity and are close to the budgeted weekly highpoint. This raises concerns of the ability to contain injections in the coming weeks as expectations are for close to 100% of capacity.

**Weather** – July 2020 finishes as the third hottest since 1950 with the largest variations from normal in the Midwest. The first week of August has had below normal temperatures but the forecast calls for a return of the summer heat in the Midwest through the middle of the month. Storms on the East Coast are expected to keep temperatures from exceeding the normal range.

NYMEX NG Price Summary Data as of 08-05-2020		
Month	Price \$/MMBtu	Change
Sep 20	\$2.191	(\$0.002)
Oct 20	\$2.331	(\$0.003)
Nov 20	\$2.675	\$0.006
Dec 20	\$2.994	\$0.029
Jan 21	\$3.103	\$0.038
Feb 21	\$3.056	\$0.032
Mar 21	\$2.936	\$0.029
Apr 21	\$2.649	\$0.009
May 21	\$2.613	\$0.008
Jun 21	\$2.645	\$0.008
Jul 21	\$2.684	\$0.008
Aug 21	\$2.691	\$0.007

(Sources: EIA, CME Group, Baker Hughes)

**Crude Oil** – The WTI NYMEX price is trading above \$40 per barrel but remains stuck in that range as the economy has its ups and downs. Saudi Arabia may reduce prices in September which could be an indication of weakening markets.

**Natural Gas Production and Natural Gas Rig Count** – Baker Hughes reports the natural gas rig count increased by 1 to 69 compared to 171 at the same time last year. According to the EIA, production increased slightly last week by 0.1%.

**Natural Gas Demand** – Demand rose nearly 1% last week with the power generation segment consuming 43.6 Bcf per day. This is the highest level yet this year.

**LNG** – LNG exports were essentially flat at an average of 3.6 Bcf per day. These exports are expected to increase in September, reaching nearly 9 Bcf per day by the end of the year. This would be a strong aspect of support for natural gas prices in Q4 of 2020 and Q1/Q2 of 2021.

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

August 13, 2020

Week Ending 08-07-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+58	+51	+44	56	12
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3332	2724	2889	+33	+443

**Natural Gas** – The September NYMEX returned to trading in a narrow, albeit higher, range over the past week. After settling last Friday at \$2.238 per MMBtu, the daily settlements have ranged from \$2.152 to \$2.171 per MMBtu. The remainder of the Summer strip settled on Wednesday at \$2.225 per MMBtu and the Winter strip at \$2.951, both very close to last week’s levels. Prompt month prices have increased over 40% since the middle of June. Technical indicators have paused as the market waits for direction. Support is at \$2.09 and \$2.03 per MMBtu and resistance is at \$2.29 and \$2.34 per MMBtu.

**Storage** – The expectation for this week’s storage injection was higher than prior weeks at 59 Bcf. The actual injection reported by EIA is 58 Bcf. This is above both last year’s injection of 51 Bcf and the five-year average of 44 Bcf. Inventories are at 3.332 Tcf with inventories now at 608 Bcf above last year’s level and 443 Bcf above the five-year average.

**Weather** – The first ten days of August have had generally seasonal temperatures as cooler weather moved through the middle of the country. The 11-to-15-day forecast indicates a return to hotter temperatures, especially in the West.

**Electric Generation** – EIA reports electric generation demand set a record high of 46.7 Bcf on Monday, July 27. Very hot temperatures, relatively low gas prices, rising amounts of installed gas-fired generation and a relatively high percentage of power plant outages were cited as the primary reasons for the record demand.

NYMEX NG Price Summary Data as of 08-12-2020		
Month	Price \$/MMBtu	Change
Sep 20	\$2.152	(\$0.019)
Oct 20	\$2.297	(\$0.014)
Nov 20	\$2.672	\$0.002
Dec 20	\$2.997	(\$0.006)
Jan 21	\$3.101	(\$0.005)
Feb 21	\$3.055	(\$0.005)
Mar 21	\$2.932	(\$0.006)
Apr 21	\$2.675	(\$0.004)
May 21	\$2.641	(\$0.005)
Jun 21	\$2.669	(\$0.005)
Jul 21	\$2.704	(\$0.005)
Aug 21	\$2.710	(\$0.006)

(Sources: EIA, CME Group, Baker Hughes)

**Crude Oil** – The WTI NYMEX price is inching higher, trading between \$42 and \$45 per barrel through 2021. Asian oil demand is reported to be close to pre-Covid-19 levels and is optimistic for the second half of the year.

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

- Prices will rise through the end of 2021 with the sharpest increase from an average of \$2.11 per MMBtu in September 2020 to \$3.14 per MMBtu in February 2021. Rising winter demand, combined with reduced production, will cause upward pressure.
- Consumption will average 82.4 Bcf per day in 2020, down 3.0% from 2019, with the largest decline in the industrial sector but residential and commercial demand is also down.
- Production will average 88.7 Bcf per day in 2020, falling from the peak of 96.2 Bcf per day in November 2019 to 82.7 Bcf per day by April 2021. Production will begin to rise in the second quarter of 2021 in response to higher prices.
- LNG exports will average 5.5 Bcf per day in 2020 and 7.3 Bcf per day in 2021. Exports will decline through the end of summer due to reduced global demand.
- Electric power generation from natural gas will increase from 37% in 2019 to 40% in 2020 but decline to 35% in 2021 in response to higher prices.

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August 20, 2020

Week Ending 08-14-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+43	+56	+44	57	11
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3375	2780	2933	+51	+442

**Natural Gas** – The September NYMEX soared even higher over the past week – increasing \$0.174 per MMBtu on Friday and another \$0.078 per MMBtu on Tuesday to settle at \$2.417 per MMBtu. September settled at \$2.426 per MMBtu on Wednesday and the remainder of the Summer strip settled at \$2.495 per MMBtu and the Winter strip settled at \$3.109 per MMBtu. Prices are still being supported by excessive heat warnings and advisories in effect for much of the Northwest and Southwest regions. In addition, stalling U.S. production and rising demand for LNG exports are impacting both the cash and futures markets. Technical indicators have also increased with support now at \$2.34 and \$2.26 per MMBtu and resistance is at \$2.50 and \$2.54 per MMBtu.

**Storage** – The expectation for this week’s storage injection was 39 Bcf. The actual injection reported by EIA is 43 Bcf. This is below last year’s injection of 56 Bcf and near the five-year average of 44 Bcf. Inventories are at 3.375 Tcf with inventories now at 595 Bcf above last year’s level and 442 Bcf above the five-year average.

**Weather** – Overall, there has been a general cooling in the Midwest while the West is having a record heat wave. This heat wave, centered in California, has replaced the heat dome that dominated the Midwest in June and July. The heat is expected to remain through August with California experiencing rolling blackouts.

NYMEX NG Price Summary Data as of 08-19-2020		
Month	Price \$/MMBtu	Change
Sep 20	\$2.426	\$0.009
Oct 20	\$2.563	\$0.007
Nov 20	\$2.868	(\$0.002)
Dec 20	\$3.152	(\$0.005)
Jan 21	\$3.255	(\$0.002)
Feb 21	\$3.203	\$0.000
Mar 21	\$3.065	\$0.001
Apr 21	\$2.777	\$0.011
May 21	\$2.733	\$0.015
Jun 21	\$2.759	\$0.016
Jul 21	\$2.791	\$0.015
Aug 21	\$2.799	\$0.015

(Sources: EIA, CME Group, Baker Hughes)

**Crude Oil** – The WTI NYMEX price continues to trade between \$42 and \$45 per barrel through 2021. Oil prices have remained in this range since late June even though output from OPEC+ has begun to increase. Storage inventories have declined from the Spring which helps stabilize prices.

**Natural Gas Rig Count** – According to Baker Hughes, the natural gas rig count increased by 1 to 70 for the week ending August 14. This compares to 165 for the same time last year.

**Natural Gas Demand** – The EIA reports that total U.S. consumption of natural gas increased only slightly (0.5%) over the prior week. LNG exports increased from 3.8 Bcf per day to 4.4 Bcf per day. Electric power generation also increased (by 0.9%) whereas industrial consumption and exports to Mexico declined by 0.7% and 1.7% respectively.

The September contract will settle for the month on Thursday, August 27.

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August 27, 2020

Week Ending 08-21-2020	EIA Last Year	EIA 5-Year Avg.	Average Weekly Injection to Reach 4000 Bcf	Injection Weeks Remaining
+45	+60	+49	58	10
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3420	2840	2982	+43	+438

**Natural Gas** – The September NYMEX contract continued its upward climb from last Friday’s settlement of \$2.448 per MMBtu. The contract stayed relatively flat until Thursday morning when September traded as high as \$2.594 per MMBtu and the October contract, which will take the prompt position on Friday, reached \$2.711 per MMBtu. On Wednesday, the remainder of the Summer strip settled at \$2.518 per MMBtu and the Winter strip settled at \$3.078 per MMBtu. According to the federal Bureau of Safety and Environmental Enforcement, 85% of the Gulf of Mexico oil production and 61% of the gas output has been shut in as Hurricane Laura moved toward the coast.

Technical indicators have also increased again with support now at \$2.45 and \$2.33 per MMBtu and resistance is at \$2.71 and \$2.77 per MMBtu.

**Storage** – The expectation for this week’s storage injection was 45 Bcf. The actual injection reported by EIA is 45 Bcf. This is below both last year’s injection of 60 Bcf and the five-year average of 49 Bcf. Inventories are at 3.420 Tcf with levels now 580 Bcf above last year’s level and 438 Bcf above the five-year average. This summer’s heat has limited injections for nearly two months.

**Weather** – The heat in the West is expected to continue through the end of August while Midwest weather is noted as seasonal. The 11-to-15-day outlook shows the East coast as very warm as well.

NYMEX NG Price Summary Data as of 08-26-2020		
Month	Price \$/MMBtu	Change
Sep 20	\$2.461	(\$0.028)
Oct 20	\$2.574	(\$0.022)
Nov 20	\$2.825	(\$0.028)
Dec 20	\$3.111	(\$0.031)
Jan 21	\$3.226	(\$0.027)
Feb 21	\$3.181	(\$0.029)
Mar 21	\$3.047	(\$0.024)
Apr 21	\$2.758	(\$0.020)
May 21	\$2.718	(\$0.019)
Jun 21	\$2.744	(\$0.018)
Jul 21	\$2.779	(\$0.016)
Aug 21	\$2.789	(\$0.014)

(Sources: EIA, CME Group, Baker Hughes)

**Crude Oil** – The WTI NYMEX prompt month price has moved to over \$43 per barrel and continues to trade between \$42 and \$45 per barrel through 2021. General economic recovery globally is offset by excess production capacity which is contributing to the range-bound pricing.

**Natural Gas Rig Count** – According to Baker Hughes, the natural gas rig count decreased by 1 to 69 for the week ending August 21. This compares to last year’s rig count of 165 for the same period.

**Natural Gas Demand** – Total U.S. consumption of natural gas increased by 1.5% over the prior week. Power sector demand led the way, followed by rising LNG exports and strong exports to Mexico. There is an improving outlook for increased LNG exports in the upcoming months which is a growing support of prices.

The September contract will settle for the month on Thursday, August 27.

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