



January 07, 2021

Week Ending 01-01-2021	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-130	-44	-115	164	13
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3330	3192	3129	-114	+201

Energy News – Natural gas demand in China is expected to set a record in 2021 as its economy emerges from the pandemic faster than many other countries and it remains on track to meet its long-term environmental goals. Demand in Europe is also high due to cold temperatures.

Natural Gas – After trading significantly lower right after Christmas, the February NYMEX contract settled at \$2.539 per MMBtu ahead of the New Year break. The contract has continued to increase this week – reaching its highest daily settlement on Wednesday at \$2.716 per MMBtu and continuing to creep up on Thursday. Forecasts for stronger cold weather across the U.S. provide price support as weather continues to be the main driver of price. The remainder of the winter strip (Feb-Mar) settled on Wednesday at \$2.70 per MMBtu and the Summer strip at \$2.793 per MMBtu. Technical indicators are back up with support at \$2.58 and \$2.46 per MMBtu and resistance at \$2.82 and \$2.96 per MMBtu.

Storage – The expectation for this week’s storage report was for a withdrawal near 150 Bcf. The actual withdrawal reported by EIA is below expectations at 130 Bcf. This is higher than both last year’s withdrawal and the five-year average withdrawal. Inventories are now at 3.330 Tcf and this level is 138 Bcf above last year and 201 Bcf above the five-year average.

Weather – Although January temperatures have cooled over the past week, the 11-15-day outlook is still above normal with the south and southeast a bit cooler. Stronger cold shots are expected to affect the Midwest and East during the last third of the month.

NYMEX NG Price Summary Data as of 01-06-2021		
Month	Price \$/MMBtu	Change
Feb 2021	\$2.716	\$0.014
12-month strip	\$2.837	\$0.004
Winter 20-21	\$2.700	\$0.013
Summer 2021	\$2.793	\$0.001

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – Crude oil futures prices broke through the \$50 per barrel level for essentially all of 2021. Both crude oil and gasoline reached 10-month highs. Price support came from inventories falling more than expected as well as Saudi Arabia’s announcement that it would voluntarily cut its crude oil output in February and March and raise its prices for US and Asian customers.

Natural Gas Production and Rig Count – In the latest report from Baker Hughes, the natural gas rig count remains unchanged at 83. This compares to 123 at the same time last year. Daily average production continues near 90 Bcf per day.

Natural Gas Demand – LNG feedgas demand continues to push against record-high levels near 11 Bcf per day. Asian prices have spiked to \$14 per MMBtu in response to cold temperatures and strong demand.

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

Founded in 1999, Oklahoma based Clearwater Enterprises L.L.C. has established itself as a financially solid, experienced, reliable natural gas supplier to all sizes of customers. Clearwater actively serves over 2500 customers and is excited to announce its expansion into the Kansas and Missouri regions. Products offered include but are not limited to Index, Nymex basis and Fixed Price Locks. Offices located in Oklahoma City, Tulsa, Kansas City, Louisville, Philadelphia.



January 14, 2021

Week Ending 01-08-2021	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-134	-90	-161	166	12
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3196	3070	2978	-130	+218

Energy News – Two winter storms hit the Permian basin in early 2021, bringing heavy snow and freezing temperatures. Average Permian production has declined, likely a result of weather-related well freeze-offs and operational issues.

Natural Gas – The February NYMEX contract traded near \$2.90 per MMBtu this week as the 15-day weather forecast now reaches into the peak days of winter. However, the contract dropped back to settle at \$2.727 per MMBtu on Wednesday and is up slightly on Thursday morning in advance of the storage report. Technical indicators are up from last week with support at \$2.71 and \$2.65 per MMBtu and resistance at \$2.86 and \$2.96 per MMBtu.

Storage – The expectation for this week’s storage report was for a withdrawal near 123 Bcf. The actual withdrawal reported by EIA is above expectations at 134 Bcf. This is higher than last year’s withdrawal and lower than the five-year average withdrawal. Inventories are now at 3.196 Tcf and this level is 126 Bcf above last year and 218 Bcf above the five-year average.

Weather – A cold front is forecasted to move through the East during the upcoming holiday weekend and increased natural gas demand is expected nationwide during the last week of January. Mixed signals make the strength and durability of colder weather uncertain heading into February.

Crude Oil - Last week’s announcement that Saudi Arabia would cut output, economic optimism in China and declining US crude inventories all contributed to prices reaching another 10-month high, trading near \$54 per barrel on Tuesday.

Natural Gas Production and Demand - In the latest report from Baker Hughes, the natural gas rig count increased by 1 to 84. This compares to 119 at the same time last year. Daily average production remains steady near 90 Bcf per day. LNG feedgas demand continues at record-high levels as very cold temperatures persist in Asia.

NYMEX NG Price Summary Data as of 01-13-2021		
Month	Price \$/MMBtu	Change
Feb 2021	\$2.727	(\$0.026)
12-month strip	\$2.841	(\$0.003)
Winter 20-21	\$2.708	(\$0.022)
Summer 2021	\$2.798	(\$0.001)

(Sources: EIA, CME Group, Baker Hughes)

EIA Short-term Energy Outlook – The EIA forecasts:

- Henry Hub prices will average \$3.01 per MMBtu in 2021 and \$3.27 per MMBtu in 2022, compared to \$2.03 per MMBtu in 2020.
- Natural gas production will average 88.2 Bcf per day in 2021 and 89.7 Bcf per day in 2022 compared to 90.8 Bcf per day in 2020.
- Natural gas consumption will decline by 2.8% in 2021 and by 2.1% in 2022 as rising prices result in less use in the power sector.
- Storage will end March 2021 at 12% lower than the five-year average, even though the October 31, 2020 level was 5% more than the 5-year average and the fourth-highest level on record.

The February NYMEX contract will expire for the month on Wednesday, January 27.

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January 22, 2021

Week Ending 01-15-2021	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-187	-97	-167	164	11
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
3009	2973	2811	-134	+198

Energy News – As President Biden took office on Wednesday, Executive Orders on several energy and environmental issues are expected. The President’s policy priorities include key provisions for infrastructure, clean energy, and energy innovations.

Natural Gas – The February NYMEX contract settled at \$2.737 per MMBtu ahead of the holiday break but tumbled nearly \$.20 per MMBtu after the holiday to settle near \$2.54 per MMBtu on Tuesday and Wednesday and below \$2.50 per MMBtu on Thursday. An ongoing lack of sustained cold weather will likely keep prices below \$3.00 per MMBtu. Technical indicators have declined significantly from last week with support at \$2.39 and \$2.26 per MMBtu and resistance at \$2.61 and \$2.65 per MMBtu.

Storage – The expectation for this week’s storage report was for a withdrawal near 177 Bcf. The actual withdrawal reported by EIA is above expectations at 187 Bcf. This is higher than both last year’s withdrawal of 97 Bcf and the five-year average withdrawal of 167 Bcf. Inventories are now at 3.009 Tcf and this level is 36 Bcf above last year and 198 Bcf above the five-year average.

Weather – The cold front that was forecast is not materializing and the short-term outlook has changed from colder-than-normal to warmer-than-normal for the northern part of the US. Atmospheric conditions for allowing cold arctic air to move in the US are in place but the cold air itself is not in sufficient quantities to have an impact. This winter is colder than last year but may likely finish as warmer-than-normal compared to 30-year averages.

Crude Oil – The production cuts announced by Saudi Arabia are essentially absorbed into the market. Prompt month prices remain above \$52 per barrel but there is concern that more Covid-related lockdowns will limit economic growth and energy demand. Global spending on oil production is not expected to return to pre-pandemic levels until 2025.

NYMEX NG Price Summary Data as of 01-21-2021		
Month	Price \$/MMBtu	Change
Feb 2021	\$2.491	(\$0.048)
12-month strip	\$2.710	(\$0.027)
Winter 20-21	\$2.494	(\$0.042)
Summer 2021	\$2.673	(\$0.025)

(Sources: EIA, CME Group, Baker Hughes)

Natural Gas Production and Rig Count – In the latest report from Baker Hughes, the natural gas rig count increased by 1 to 85. This compares to 120 at the same time last year. Daily average production remains steady near 89 Bcf per day.

Natural Gas Demand – LNG feedgas demand started the week near the record highs of 11 Bcf per day, but heavy sea fog has caused deliveries to decline over 2 Bcf per day. While sea fog disruptions are common this time of year, the current duration is forecast to be longer than usual. In addition, LNG demand in north Asia may retreat as reports indicate Japanese utilities have rebuilt LNG storage.

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January 28, 2021

Week Ending 01-22-2021	EIA Last Year	EIA 5-Year Avg.	Average Weekly Withdrawal to Reach 1200 Bcf	Withdrawal Weeks Remaining
-128	-170	-174	168	10
EIA Level	EIA Level Last Year	EIA 5-Year Avg. Level	EIA Prior Week	Comparison to 5 Year Avg.
2881	2803	2637	-187	+244

Energy News – Chicago prices could increase substantially as falling temperatures increase demand to a winter-to-date high. Christmas Day currently holds the top spot, but this week’s rising demand is exacerbated by increases in the Northeast, Southeast and East Canada as temperatures also drop there.

Natural Gas – After last Friday’s tumble to settle at \$2.446 per MMBtu, the February NYMEX contract reversed course on colder weather forecasts and increased each day this week until its final settlement on Wednesday at \$2.760 per MMBtu. This settlement is \$0.293 per MMBtu higher than last month’s settlement of \$2.467 and \$0.883 per MMBtu higher than last year’s settlement of \$1.877. The March contract also increased every day, settling on Wednesday at \$2.702 per MMBtu, but is declining to near \$2.60 per MMBtu on Thursday after the lower storage withdrawal. Technical indicators have increased significantly from last week with support at \$2.62 and \$2.55 per MMBtu and resistance at \$2.82 and \$2.87 per MMBtu.

Storage – The expectation for this week’s storage report was for a withdrawal near 126 Bcf. The actual withdrawal reported by the EIA is close to expectations at 128 Bcf. This is substantially lower than both last year’s withdrawal of 170 Bcf and the five-year average withdrawal of 174 Bcf. Inventories are now at 2.881 Tcf and the surplus has widened from last week and is now at 78 Bcf above last year and 244 Bcf above the five-year average.

Weather – The near-term weather forecast has shifted moderately colder for the last week of January and into the first week of February. The February outlook is described as ‘seasonal’. Although there is no indication of any large Arctic air, there is also not a repeat of last year’s winter which was in the top three warmest since 1950.

NYMEX NG Price Summary Data as of 01-27-2021		
Month	Price \$/MMBtu	Change
Feb 2021	\$2.760	\$0.104
12-month strip	\$2.870	\$0.048
Winter 20-21	\$2.731	\$0.085
Summer 2021	\$2.830	\$0.045

(Sources: EIA, CME Group, Baker Hughes)

Crude Oil – Prices at the beginning of the week remained level near \$52 per barrel as concerns continue over potential government lockdowns and reduced travel. The EIA reported US crude inventories fell unexpectedly to a 9-month low, but prices have not moved significantly.

Natural Gas Production and Rig Count – In the latest report from Baker Hughes, the natural gas rig count increased by 3 to 88. This compares to 115 at the same time last year. Daily average production has increased this week to 90+ Bcf per day.

Natural Gas Demand – LNG feedgas demand returned to record levels, over 11 Bcf per day, after a brief reduction due to heavy sea fog. Demand is higher, both month-over-month and year-over-year, in all other sectors except for power burn.

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