

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<br>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](mailto:rfort@clearwaterenterprises.net)