

July 27, 2015

Natural Gas Trends

Highlights

US natural gas stocks rise 68 Bcf to 2.828 Tcf

US natural gas in storage increased 68 Bcf to 2.828 Tcf for the week that ended July 17, the Energy Information Administration said Thursday. The net injection was within consensus expectations of an injection between 67 Bcf and 71 Bcf. EIA in the corresponding week last year reported a 92-Bcf build, while the five-year average is a 53-Bcf increase. As a result, the 653-Bcf surplus to the year-ago level fell to 622 Bcf, while the 73-Bcf surplus to the five-year average of 2.747 Tcf rose to a surplus of 81 Bcf.

The EIA reclassified about 7 Bcf in the East Region from working gas to base gas for the week ended July 17. This increased the injection for the East Region from a 41-Bcf net

change to a 48-Bcf implied flow. Jeff Moore, an analyst at Bentek Energy, an analytics and forecasting unit of Platts,

Estimated working gas in storage (in Bcf)			
(week ending July 17)			
	This Week	Last Week	Change
Consuming Region East	1,276	1,235	41
Consuming Region West	458	450	8
Producing Region	1,094	1,082	12
Total U.S.	2,828	2,767	61
	This Week	Prior 5-Year	
	Last Yr.	Average	
Consuming Region East	1,092	1,339	
Consuming Region West	367	434	
Producing Region	747	974	
Total U.S.	2,206	2,747	

Source: Energy Information Administration

said the reclassification was unusual. "We didn't see an indication from any of the facilities that we track that the reclassification occurred on their system," Moore said. "Overall, it means there is less working gas in storage than was injected during the week." Nevertheless, traders reacted by dropping the NYMEX August natural gas futures contract price 8.1 cents to settle at \$2.816/MMBtu.

The EIA's reported 48-Bcf injection in the East raised stocks to 1.276 Tcf, compared with 1.092 Tcf a year ago. The injection in the East "continues to push inventories in the region above five-year max levels for this time of year, and inventories within the region are now less than 60 Bcf below where they peaked last year, which occurred in November," Moore said. The EIA also reported an 8-Bcf injection in the West to 458 Bcf, compared with 367 Bcf a year ago, and a 12-Bcf injection in the Producing region to 1.094 Tcf, compared with 747 Bcf a year ago.

Total inventories now are 63 Bcf below the five-year average of 434 Bcf in the West and 120 Bcf above the five-year average of 974 Bcf in the Producing region.

Source: Platts Gas Daily

Data

- August 2015 Natural Gas Futures Contract (as of July 24), NYMEX at Henry Hub closed at \$2.776 per million British thermal units (MMBtu)
- September 2015 Light, Sweet Crude Oil Futures Contract WTI (as of July 24), closed at \$48.14 per U.S. oil barrel (Bbl.) or approximately \$8.30 per MMBtu

Last week: Texas warmer than normal last week

For the week beginning 7/19/15 and ending 7/25/15, cooling degree days (CDD) were higher than normal (warmer) on average for the week and for the year to date for most Texas cities shown.

Source: www.cpc.ncep.noaa.gov

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 7/25/15	*Week CDD +/- from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	105	11	691	-4%
Austin	135	-5	1368	-11%
DFW	168	25	1382	4%
El Paso	148	22	1468	14%
Houston	153	20	1734	14%
SAT	155	15	1664	5%
Texas**	143	14	1447	3%
U.S.**	81	6	722	14%

* A minus (-) value is cooler than normal; a plus (+) value is warmer than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which CDDs are calculated. ** State and U.S. degree days are population-weighted by NOAA.

-999 = Normal Less Than 100 or Ratio Incalculable

Last week: U.S. natural gas storage at 2,828 Bcf

For the week ending 7/17/2015 working gas in storage increased from 2,767 Bcf to 2,828 Bcf. This represents an increase of 61 Bcf from the previous week. Stocks were 622 Bcf higher than last year at this time and 81 Bcf above the 5 year average of 2,747 Bcf.

Source: <http://ir.eia.gov/ngs/ngs.html>

U.S. WORKING GAS IN STORAGE				
Region	Week ending 7/17/15	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	1,276	1,235	41	-4.7%
West	458	450	8	5.5%
Producing	1,094	1,082	12	12.3%
Lower 48 Total	2,828	2,767	61	2.9%

Lower 48 states, underground storage, units in billion cubic feet (Bcf)

Last week: U.S. gas rig count down for the week

The gas rig count for the U.S. was down two for the week and down 102 when compared to twelve months ago. The total rig count for the U.S. was up nineteen from last week and down 1007 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

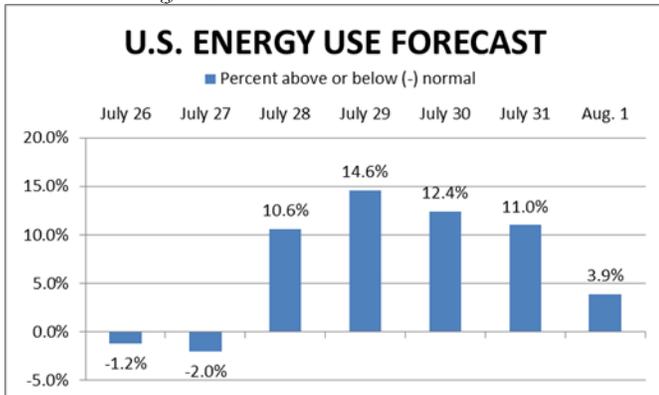
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 7/24/2015	+/- prior week	Year ago	+/- year ago
Texas	374	8	886	-512
U.S. gas	216	-2	318	-102
U.S. oil	659	21	1562	-903
U.S. total	876	19	1883	-1007
Canada	200	8	395	-195

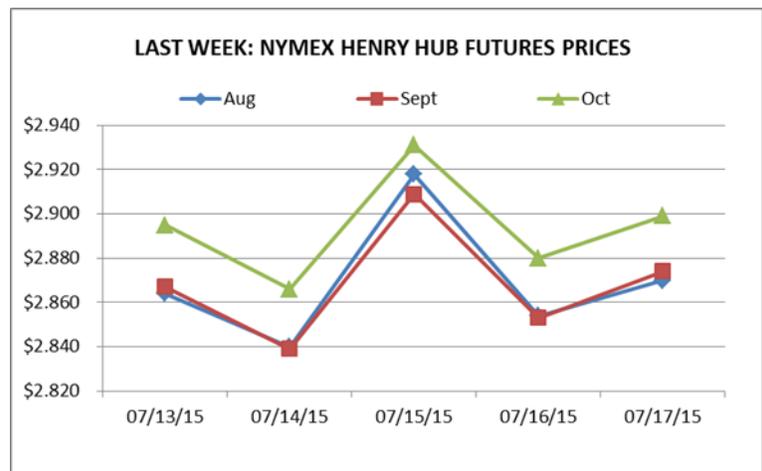
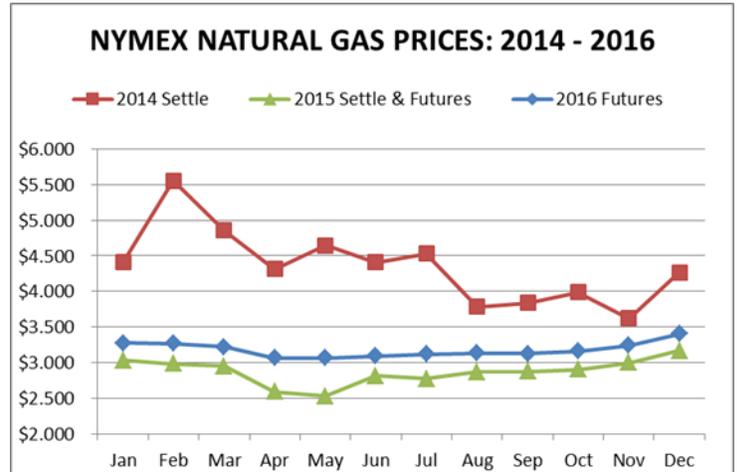
This week: U.S. energy varies this week

U.S. energy use is predicted vary this week, according to the Dominion Energy Index, as shown below. Dominion forecasts total U.S. residential energy usage, a component of which is natural gas.

Source: Dominion Energy Index



2015 prices. Natural gas prices for 2015, shown below in green, are the NYMEX settlement prices for Jan.-July and futures prices for the remainder of the year.



NATURAL GAS PRICE SUMMARY AS OF 7/24/2015

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US August futures				
NYMEX	\$2.776	-\$0.094	-\$2.079	\$2.836