

April 11, 2016

Natural Gas Trends

Highlights

US gas demand rises on colder temps

Total US natural gas demand jumped to 73.3 Bcf Monday (April 4th), up 5.8 Bcf or 8.6% compared with Friday, as colder temperatures in the Northeast prompted a spike in residential and commercial demand. Total Northeast demand dipped to a 14-week low Friday of 13.8 Bcf as mild weather across the region saw temperatures rise to nearly 60 degrees Fahrenheit on average, according to data collected by Platts unit Bentek Energy.

A cold front entered the region Saturday, pushing temperatures down to the mid- to low-40s, as much as 9 degrees below normal by Sunday. Northeast demand rose in response to the colder weather, with residential and commercial consumption spiking Monday to 11.8 Bcf from 5.7 Bcf Friday.

The colder weather prompted storage withdrawals over the weekend as well as a jump in imports of Canadian gas. Implied withdrawals totaled 1.4 Bcf on Sunday and remained elevated Monday at 1.0 Bcf. Imports of Canadian gas, meanwhile, jumped Sunday to 1.3 Bcf, up 74% day on day, before edging higher still to 1.4 Bcf on Monday.

Temperatures in the Northeast are expected to remain cooler through midweek, with highs in the mid-30s to low-40s through Wednesday, keeping gas demand across the region elevated. Total Northeast demand is projected to reach 25.3 Bcf Tuesday, and remain above 22 Bcf on Wednesday, Bentek forecasts show.

Over the last month, Northeast gas demand has averaged 18.2 Bcf/d. Over the same period, implied storage withdrawals in the Northeast have been relatively flat at 331 MMcf/d, as winter weather has remained wild and facilities have begun flipping for the injection season. Gas imports from Canada have averaged 473 MMcf/d over the last month, Bentek data show.

Source: Platts Gas Daily

Data

- May 2016 Natural Gas Futures Contract (as of April 8) NYMEX at Henry Hub closed at \$1.99 per million British thermal units (MMBtu)
- May 2016 Light, Sweet Crude Oil Futures Contract WTI (as of April 8), closed at \$39.72 per U.S. oil barrel (Bbl.) or approximately \$6.85 per MMBtu

Last week: Texas warmer than normal last week

For the week beginning 4/3/16 and ending 4/9/16, heating degree days (HDDs) were lower than normal (warmer) on average for the week and for the year to date for all Texas cities shown.

Source: www.cpc.ncep.noaa.gov

HEATING DEGREE DAYS (HDD)				
City or Region	Total HDD for week ending 4/9/16	*Week HDD +/- from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	32	-53	3176	-22%
Austin	16	1	1374	-16%
DFW	7	-18	1569	-33%
El Paso	10	-23	1958	-21%
Houston	8	-7	1012	-33%
SAT	5	-9	1036	-33%
Texas**	27	2	1474	-25%
U.S.**	110	13	3413	-17%

* A minus (-) value is warmer than normal; a plus (+) value is cooler than normal. NOAA uses 65° Fahrenheit as the 'normal' basis from which HDDs 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 2,480 Bcf

For the week ending 4/1/2016 working gas in storage increased from 2,468 Bcf to 2,480 Bcf. This represents a decrease of 12 Bcf from the previous week. Stocks were 1,008 Bcf higher than last year at this time and 874 Bcf above the 5 year average of 1,606 Bcf.

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

U.S. WORKING GAS IN STORAGE				
Region	Week ending 4/1/16	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	434	439	-5	45.6%
Midwest	548	555	-7	65.6%
Mountain	149	147	2	30.7%
Pacific	265	262	3	29.3%
South Central	1,084	1,065	19	64.5%
Lower 48 Total	2,480	2,468	12	54.4%

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 up one for the week and down 136 when compared to twelve months ago. The total rig count for the U.S. was down 7 compared to last week and down 545 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

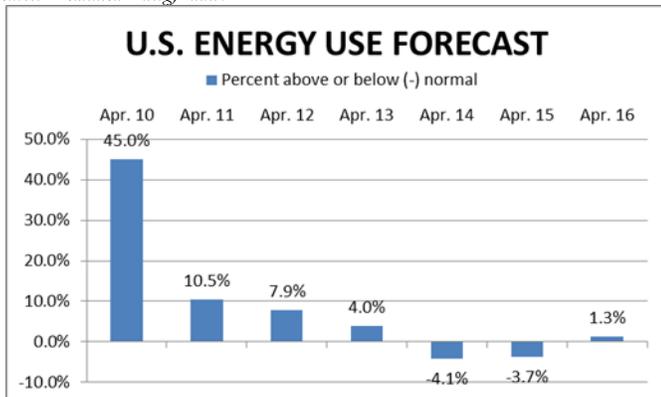
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 4/8/2016	+/- prior week	Year ago	+/- year ago
Texas	197	-7	427	-230
U.S. gas	89	1	225	-136
U.S. oil	354	-8	760	-406
U.S. total	443	-7	988	-545
Canada	41	-8	99	-58

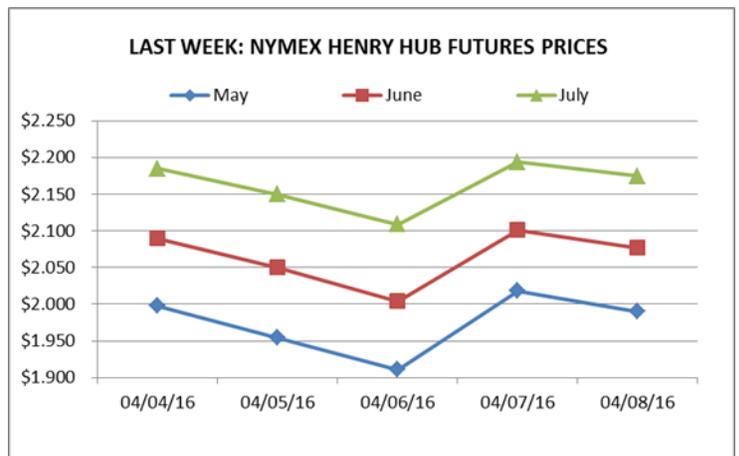
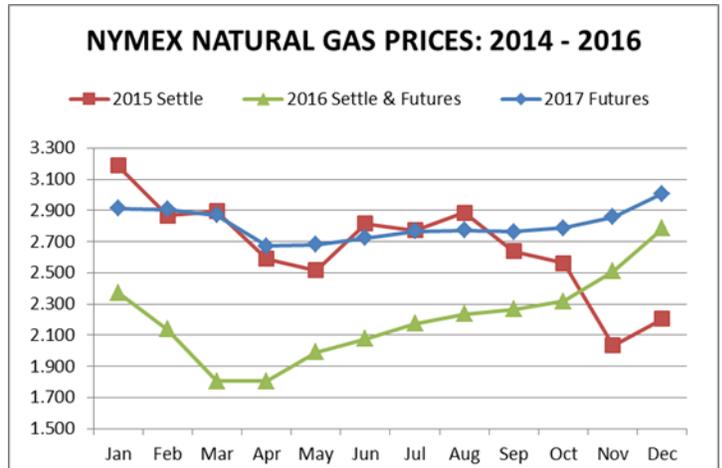
This week: U.S. energy use varies

U.S. energy use is predicted to 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



2016 prices. Natural gas prices for 2016, shown below in green, are the NYMEX settlement prices for Jan-Apr. and futures prices for the year.



NATURAL GAS PRICE SUMMARY AS OF 4/8/2016

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US May futures				
NYMEX	\$1.990	\$0.034	-\$1.738	\$2.664