

April 25, 2016

Natural Gas Trends

Highlights

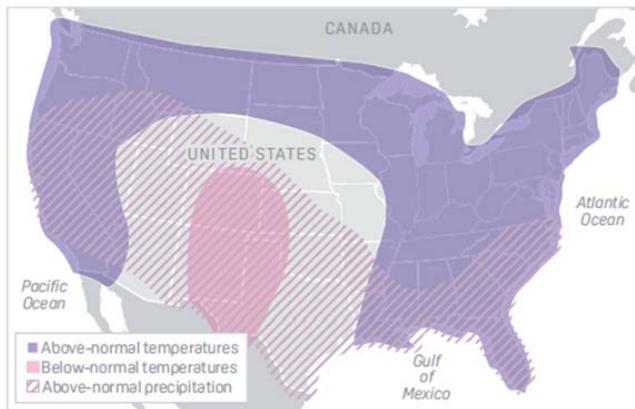
Warmer-than-normal May for most of US: NWS

Above-normal temperatures are likely in May across most of the contiguous US, but below-normal temperatures are likely in the southwestern Great Plains and the southern Rockies, the National Weather Service forecast Thursday.

Areas that have a greater chance of above-normal temperatures in May include the East Coast, the Great Lakes area, the Gulf Coast from Florida to Louisiana, The Mississippi River Valley, states along the Canadian Border and the West Coast. Areas with a stronger chance for below-normal temperatures in May include most of Colorado, western Kansas, most of New Mexico, the Oklahoma Panhandle and West Texas. Other areas are likely to have near-normal temperatures in May.

Most of the US has a strong chance of above-normal precipitation in May, the NWS said. Areas likely to have more than usual precipitation in May include the southern Atlantic Coast, most of California, the Gulf Coast, most of the southern Great Plains, most of Oregon, most of the Rockies and the Southwest. Other areas are likely to have near-normal precipitation in May.

NWS MAY FORECAST



For the May-July time period, above-normal temperatures are likely across the East Coast, the Great Lakes area, most of the northern Great Plains, the Gulf Coast from Florida to Louisiana, the Mississippi River Valley, most of the Rockies, most of the Southwest and the West Coast, the NWS said. All other areas are likely to have near-normal temperatures over the period of May-July. For the next three months, the NWS forecast greater chances for above-normal precipitation in the southern Atlantic Coast area, most of California, the southern Great Plains, the Gulf Coast, southern Oregon, most of the Rockies and the Southwest.

In contrast, much of the western Great Lakes region has a greater chance of below-normal precipitation in May, June, July, the NWS said. All other areas are likely to have near-normal precipitation in the three-month time period.

Source: Platts Gas Daily

Data

- May 2016 Natural Gas Futures Contract (as of April 22) NYMEX at Henry Hub closed at \$2.140 per million British thermal units (MMBtu)
- June 2016 Light, Sweet Crude Oil Futures Contract WTI (as of April 22), closed at \$43.73 per U.S. oil barrel (Bbl.) or approximately \$7.54 per MMBtu

Last week: Texas warmer than normal last week

For the week beginning 4/17/16 and ending 4/23/16, 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 4/23/16	*Week HDD +/- from normal	Year-to-date total HDD	* YTD % +/- from normal
Amarillo	60	0	3287	-22%
Austin	0	-7	1375	-17%
DFW	0	-14	1576	-33%
El Paso	9	-9	1980	-22%
Houston	0	-7	1012	-34%
SAT	0	-7	1036	-34%
Texas**	8	-5	1498	-25%
U.S.**	38	-34	3536	-18%

* 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 2,484 Bcf

For the week ending 4/15/2016 working gas in storage increased from 2,477 Bcf to 2,484 Bcf. This represents an increase of 7 Bcf from the previous week. Stocks were 881 Bcf higher than last year at this time and 811 Bcf above the 5 year average of 1,673 Bcf.

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

U.S. WORKING GAS IN STORAGE				
Region	Week ending 4/15/16	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	408	419	-11	29.5%
Midwest	538	538	0	57.8%
Mountain	152	150	2	35.7%
Pacific	271	269	2	27.2%
South Central	1,115	1,101	14	61.1%
Lower 48 Total	2,484	2,477	7	48.5%

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 one for the week and down 137 when compared to twelve months ago. The total rig count for the U.S. was down eight compared to last week and down 501 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

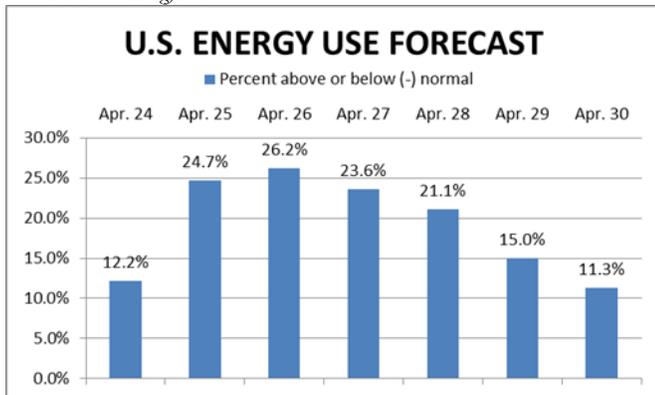
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 4/22/2016	+/- prior week	Year ago	+/- year ago
Texas	187	-7	393	-206
U.S. gas	88	-1	225	-137
U.S. oil	343	-8	703	-360
U.S. total	431	-9	932	-501
Canada	40	0	79	-39

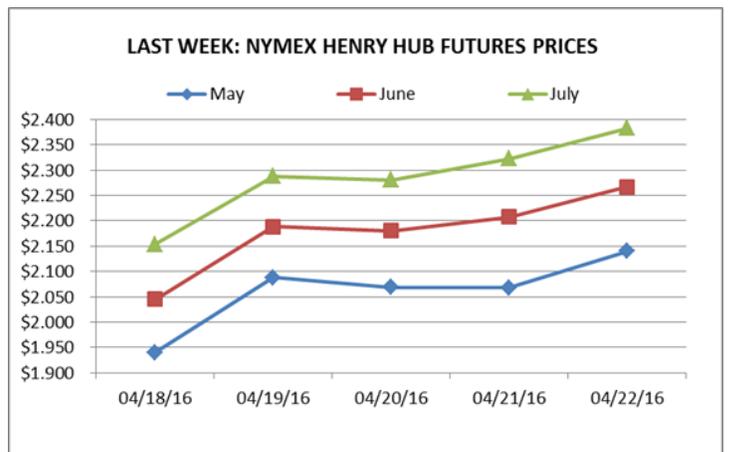
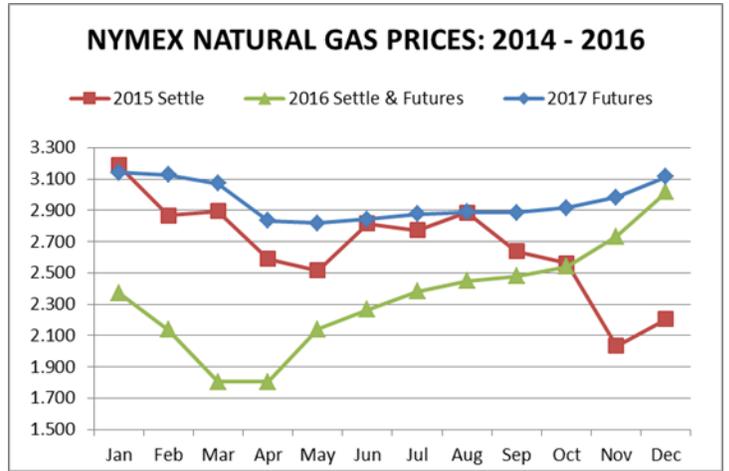
This week: U.S. energy use above normal

U.S. energy use is predicted to be above normal 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 4/22/2016

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US May futures				
NYMEX	\$2.140	\$0.238	-\$1.588	\$2.664