

Aug. 22, 2016

Natural Gas Trends

Highlights

Hot September seen for Maine, Southeast, West

September is likely to feature above-normal temperatures in most of Maine, the Southeast and West, and most of the South and the Pacific Northwest is likely to have below-normal precipitation, the National Weather Service said in its latest forecast Thursday.

In the Southeast, the area with higher probabilities of above-normal temperatures stretches from Florida and the Georgia coast to East Texas and includes almost all of the states between. In the West, the area of more likely above-normal temperatures stretches from the Rockies to the West Coast.

Other areas are more likely to have near-normal temperatures.

Regarding precipitation, above-normal rain is more likely across most of Arizona and parts of western New Mexico and southern Utah, while below-normal rain has a higher probability in Alabama, southeastern Arkansas, most of Georgia, Louisiana, Mississippi, western South Carolina, most of southern Tennessee and East Texas.

In the Northwest, the area of higher probabilities of below-normal precipitation covers western Idaho, northwestern Nevada, most of Oregon and all of Washington.

Drier soil, La Niña factor in forecast

Drivers of the forecast include waning soil moisture conditions and the possibility of developing a La Niña condition during the period from August to October, NWS said. La Niña is an indication of below-normal sea surface temperatures along the equatorial Pacific Ocean.

“Currently high soil moisture over the southern Great Plains would favor near- to below-average temperatures over that region, while uncertainty among the [forecast] models prohibits the depiction of a [temperature] signal from the northern Great Plains to the Great Lakes region,” NWS said.

“More agreement returns over the Northeast, where tools indicate above-average temperatures are favored, and over the western continental US from the Rockies to the West Coast, where models and trends favor above-average temperatures,” NWS said.

For the September-October-November time period, the NWS forecasts high probabilities of above-normal temperatures across all of the contiguous US, especially in Florida and along the Gulf Coast, in the Northeast and in the Southwest.

Regarding precipitation, above-normal rain is ore likely across most of Arizona and parts of western New Mexico and southern Utah, while below-normal rain has a higher probability in Alabama, southeastern Arkansas, most of Georgia, Louisiana, Mississippi, western South Carolina, most of southern Tennessee and East Texas.

In the Northwest, the area of higher probabilities of below-normal precipitation covers western Idaho, northwestern Nevada, most of Oregon and all of Washington.

Source: Platts Gas Daily

Data

- Sept. 2016 Natural Gas Futures Contract (as of Aug. 19 NYMEX at Henry Hub closed at \$2.584per million British thermal units (MMBtu)
- Sept. 2016 Light, Sweet Crude Oil Futures Contract WTI (as of Aug. 19), closed at \$48.52 per U.S. oil barrel (Bbl.) or approximately \$8.37 per MMBtu

Last week: Texas cooler than normal last week

For the week beginning 8/14/16 and ending 8/20/16, cooling degree days (CDDs) were lower than normal (cooler) on average for the week but higher than normal (warmer) for the year to date for most of the Texas cities shown.

Source: www.cpc.ncep.noaa.gov

COOLING DEGREE DAYS (CDD)				
City or Region	Total CDD for week ending 8/20/16	*Week CDD + / - from normal	Year-to-date total CDD	* YTD % +/- from normal
Amarillo	56	-22	1290	24%
Austin	99	-41	2067	1%
DFW	101	-36	2142	15%
El Paso	109	0	2095	22%
Houston	111	-15	2209	10%
SAT	105	-32	2236	6%
Texas**	103	-22	2057	9%
U.S.**	88	21	1088	21%

* A minus (-) value is cooler than normal; a plus (+) value is warmer 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 3,339 Bcf

For the week ending 8/12/2016 working gas in storage increased from 3,317 Bcf to 3,339 Bcf. This represents an increase of 29 Bcf from the previous week. Stocks were 327 Bcf higher than last year at this time and 405 Bcf above the 5 year average of 2,934 Bcf.

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

U.S. WORKING GAS IN STORAGE				
Region	Week ending 8/12/16	Prior week	One-week change	Current Δ from 5-YR Average (%)
East	763	746	17	7.8%
Midwest	861	845	16	13.6%
Mountain	217	215	2	27.6%
Pacific	313	314	-1	-4.6%
South Central	1,185	1,197	-12	22.3%
Lower 48 Total	3,339	3,317	22	13.8%

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

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

The gas rig count for the U.S. was remained the same compared to last week but was down 128 when compared to twelve months ago. The total rig count for the U.S. was up 10 compared to last week and down 394 when compared to twelve months ago. The total rig count includes both oil and natural gas rotary rigs.

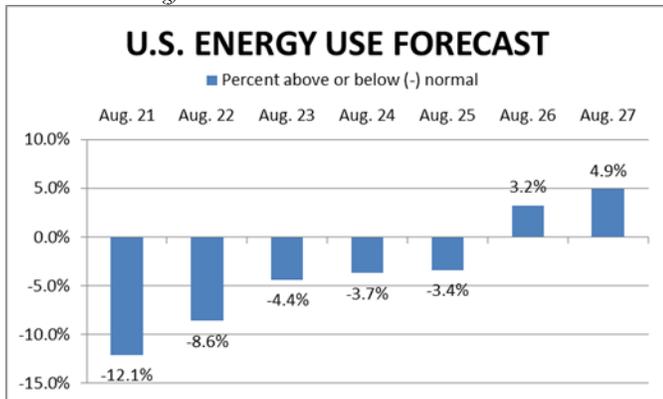
Source: Baker Hughes

BAKER HUGHES ROTARY RIG COUNT				
	As of 8/19/2016	+/- prior week	Year ago	+/- year ago
Texas	238	8	383	-145
U.S. gas	83	0	211	-128
U.S. oil	406	10	674	-268
U.S. total	491	10	885	-394
Canada	121	5	208	-87

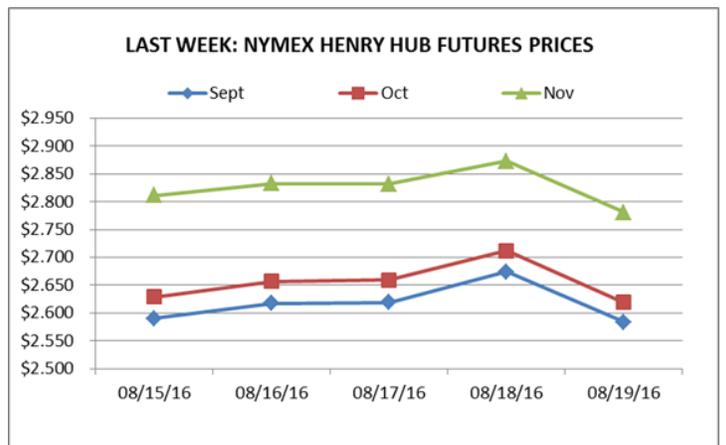
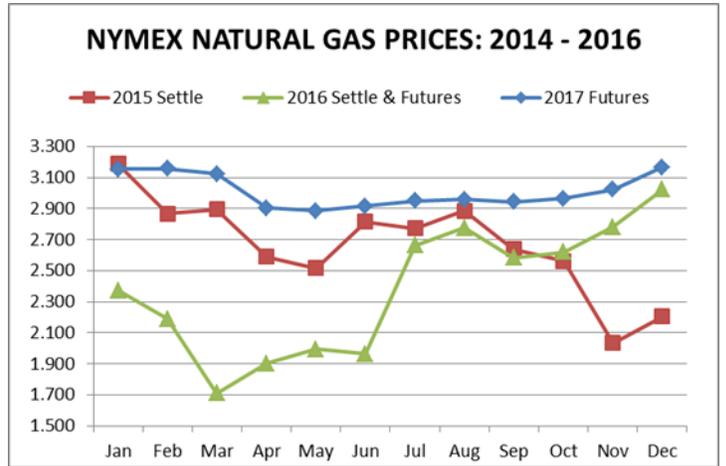
This week: U.S. energy use varies

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-July and futures prices for the year.



NATURAL GAS PRICE SUMMARY AS OF 8/19/2016

	This Week	+/- Last Week	+/- Last Year	12-Month Strip Avg.
US September futures				
NYMEX	\$2.584	-\$0.002	-\$1.144	\$2.906