

Blake Baxter

Subject: FW: MEP Weekly Gas Update 9-1-2016
Attachments: MEP Gas Storage Chart 2016 9 1.pdf; NG Price Curve 2016 9 1.pdf

From: Blake Baxter
Sent: Thursday, September 01, 2016 6:08 PM
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Natural gas is currently trading at \$2.792 per Dth

Normally every year around the time of my birthday I make my annual trip to the doctor. So this week I got to see my doctor out in Barneveld. And every year after talking some baseball we have the same conversation. Blake, he says, the labs look good, but you really should lose some weight. And every year I tell him I will try to do better. Do I disregard his advice because he is just a small town doctor? No, it has nothing to do with my doctor, but rather how ingrained I am in my lifestyle. I know in the back of my head that the best practice is good nutrition and exercise, but I simply do not change.

I find this annual exercise interesting because we often carry the same kind of attitudes over into the rest of our life. At MEP we are the natural gas doctors. We have dealt with natural gas, natural gas contracts and related issues for decades. We know what the best practices are for natural gas and it starts with the simple concept of competition. But it is amazing to us how many potential clients after seeing their losses in black and white just chose to keep on doing what they are doing. Neither situation gets better with time, but we will just not change.

Or can we? Paul and I did get in a 4 mile walk over to Mt. Horeb this morning. Maybe it is possible to change if we just put our minds to it.

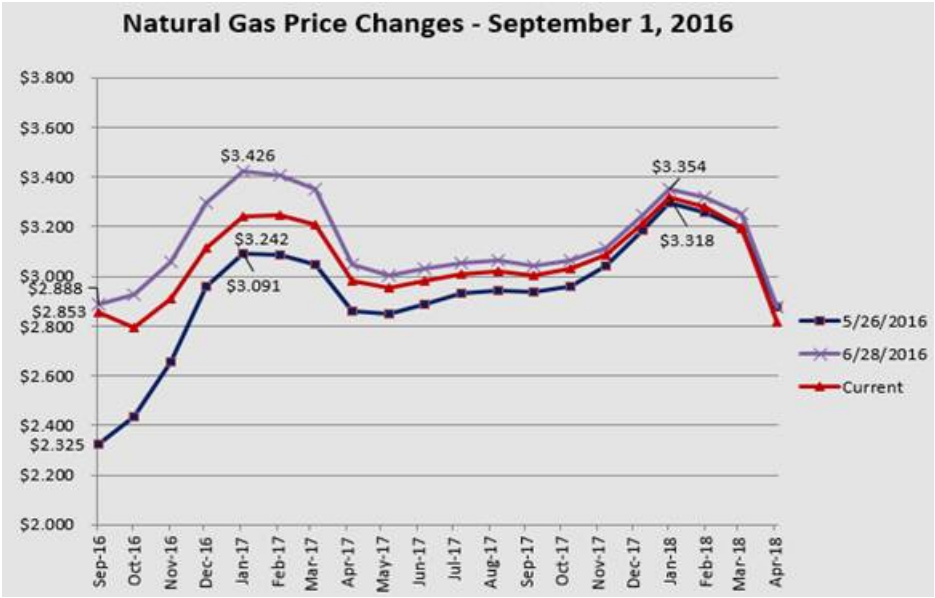
Well we certainly saw another change in the gas market today. Last week's surprisingly small gas injection was of course followed by a surprisingly large gas injection today. Kind of makes you wonder? Today's +51 BCF injection was the largest that we have had since early July.

Another factor this week was the market support provided by Hurricane Hermine. Hurricane's have not been a big factor in recent years with all the onshore shale gas production, but with the supply / demand balance being tighter this year the storm was garnering more attention from traders this week.

However, with a nice bearish storage number and Hermine heading away from the gas fields of Louisiana and into Florida today was set up to trade down. The market was fading prior to the storage number and continued to trade down later into the session to finish at \$2.792 /Dth, down 9.5 cents for the day.



The move down also took the rest of the complex with it. The 2016/17 Winter strip was down 8.6 cents to \$3.144 /Dth. The Calendar 2017 strip faded to \$3.081 /Dth, down 3.2 cents, while the Calendar 2018 strip was off 1.7 cents to \$2.963 /Dth. Once again we are back to the mid-range of recent trading.



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We are also available on **Twitter** at **@MEPNatGas** with updates on natural gas prices as well as national & Wisconsin gas industry news.

Have a great Labor Day weekend.

Blake