

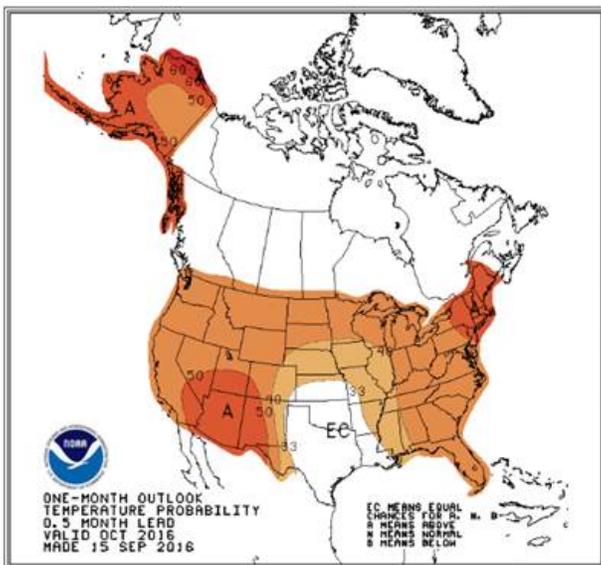
Blake Baxter

Subject: FW: MEP Weekly Gas Update 9-22-2016
Attachments: MEP Gas Storage Chart 2016 9 22.pdf; NG Price Curve 2016 9 22.pdf

From: Blake Baxter
Sent: Thursday, September 22, 2016 5:41 PM
Subject: MEP Weekly Gas Update 9-22-2016

Natural gas is currently trading at \$2.990 per Dth

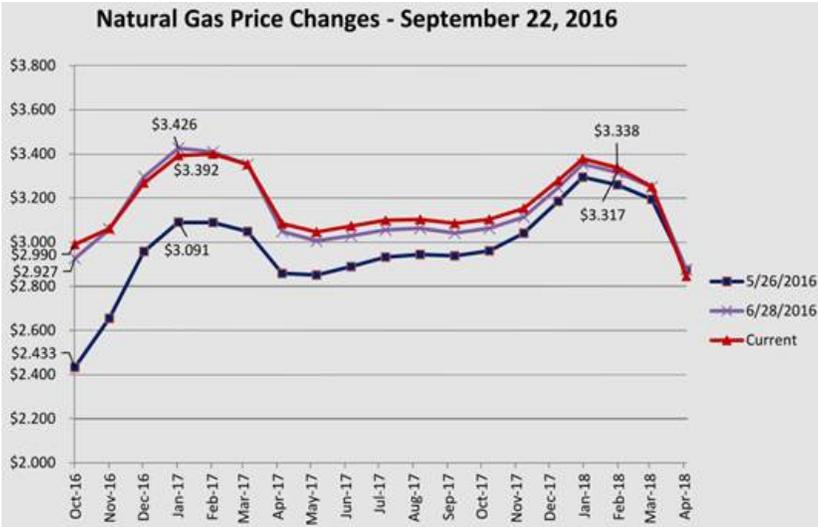
Welcome to Fall, 2016. Yes, today, warm and wet as it may be, is the first day of fall. And it is this warmth that the natural gas bulls have continued to ride this week to drive up the October NYMEX contract. But here is where I am going to sound like a broken record – it is now fall. Continued warmth and the bullish narrative about southern power generation have to run into the fact that that same warmth means that we are NOT burning gas up here in the north. The southern heat will fade but a warm October (see below), November and December have to become problematic for the bulls. And the new information from the Climate Prediction Center is now calling for a warmer January. Currently they are saying that the upper Midwest (you and I) will experience a cold February and March while the rest of the country continues as normal or above normal.



As mentioned, the entire market narrative this week was about the HEAT. The bulls rode that story hard like a rented mule and managed to get the October contract up to \$3.098 per Dth in Wednesday trading. Even though the EIA consensus number was a +49 BCF for the week many traders were chattering about a substantially lower number on the side. That is why when the EIA issued the data with a build of +52 BCF, well within the supposed range of expectations, the price took an immediate dump. The bulls tried to keep the trade over \$3, but the contract finished the day at \$2.99 /Dth, down 6.7 cents.



Once again most of the strip trading was up along the front months. The Winter 2016-17 strip was up 12.9 cents for the week to \$3.294 /Dth. The Calendar 2017 strip added 4 cents to \$3.181 /Dth while the 2018 Calendar strip managed an increase of 1.3 cents for the week to reach \$2.986 /Dth.



Be patient and enjoy the warm FALL weather.

Past copies are available on our website at <http://mepsolutions.org/monthly-market-updates/>

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 weekend.

Blake



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