

Blake Baxter

Subject: FW: MEP Weekly Gas Update 9-8-2016
Attachments: MEP Gas Storage Chart 2016 9 8.pdf; NG Price Curve 2016 9 8.pdf

From: Blake Baxter
Sent: Thursday, September 08, 2016 4:59 PM
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Natural gas is currently trading at \$2.806 per Dth

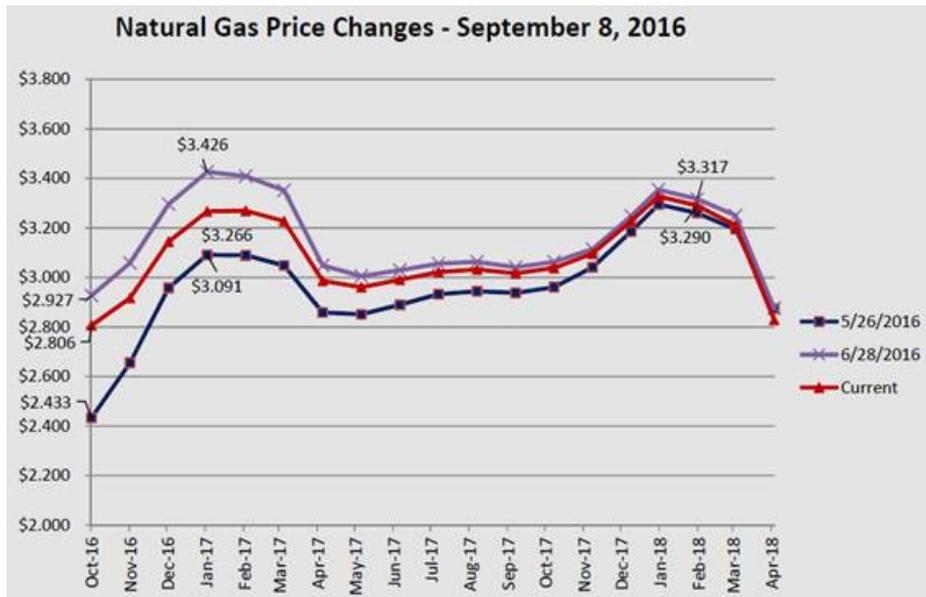
Well the last week has been a wild ride once again, but not just in the gas markets. Sunday evening Nancy and Paul were out walking the military ridge trail when a person on a bicycle ran them down. Nancy was afraid that Paul's lease would wrap around the guys neck, so she let it go. The rider then ran over Paul and road off basically chasing Paul down the trail. Two hours later with half the neighborhood out looking for him Paul finally came out of the woods. The vet patched him up and he is well on his way to recovery.



After trading down for the week the gas markets also acted as if they got run over today. The EIA storage report came out with a disappointing +36 BCF inventory build that immediately rocked the market. The prompt October contract was trading around \$2.70 /Dth to start the day, but quickly jump to \$2.821 /Dth after the report came out. For the day gas finished at \$2.806 /Dth, up 13 cents from the previous close.



The net affect is that we are just about right back where we were last week at this time. The 2016/17 winter strip is at \$3.165 /Dth, up 2.1 cents. The calendar 2017 strip is at \$3.094 /Dth, up 1.3 cents, while the calendar 2018 strip is at \$2.972 /Dth, up 0.9 cents week on week.



The next several weeks are going to be important for setting the tone of this market as we move towards winter. Were last week's numbers a blip caused by Hurricane Hermine? Next week's numbers will have the Labor Weekend in them which should be bearish. We are also moving into the second half of September when fall weather should be starting to take hold and power generation consumption should drop off significantly. Interesting enough the EIA is still projecting a very strong end of season storage inventory. The drilling rig count has increased 9 out of the last 10 weeks and drilling permits have been jumping over the last few months also. Another factor is that a number of new NE pipeline projects are scheduled to come online which could release some of the gas that has been trapped in the Marcellus region for lack of pipeline take away capacity. All of this should start to come into focus in the coming weeks.

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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