

## Blake Baxter

**Subject:** FW: MEP Weekly Gas Update 10-20-2016  
**Attachments:** MEP Gas Storage Chart 2016 10 20.pdf; NG Price Curve 2016 10 20.pdf

**From:** Blake Baxter  
**Sent:** Thursday, October 20, 2016 4:42 PM  
**Subject:** MEP Weekly Gas Update 10-20-2016

### Natural gas is currently trading at \$3.141 per Dth

Usually I prattle on about this week in gas, but for a change I am going to incorporate an article published by the Dow Jones Newswire this afternoon to let you read the thoughts of some other industry people.

#### 10/20 02:44p CST DJ Natural Gas Prices Fall On Growing Stockpiles

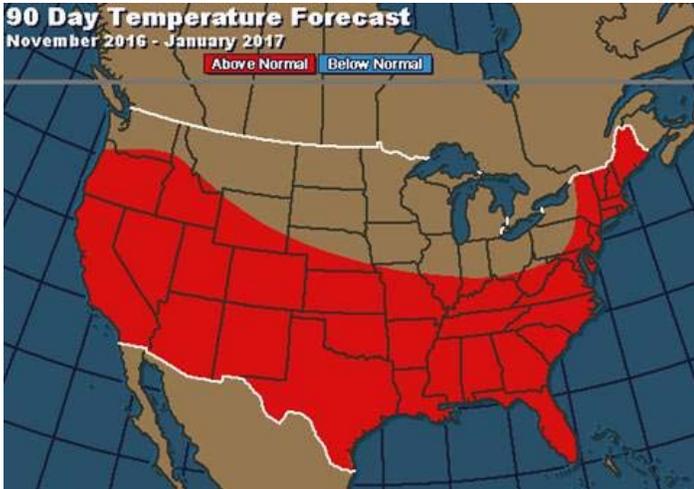
**Natural gas prices fell to a two-week low on Thursday**, as warm weather and heavy stockpiles continued to weigh on the market. The U.S. Energy Information Administration said natural-gas stockpiles grew by 77 billion cubic feet last week, higher than expectations for 73 bcf averaged from analysts, brokers and traders surveyed by The Wall Street Journal. The latest number highlights an excess supply in gas stockpiles that could possibly set a new record going into the winter, according to analysts. As of Oct. 14, inventories were at 3.8 trillion cubic feet, 1.2% above levels from a year ago and 5.1% above the five-year average.

Futures for November delivery settled down 2.9 cents, or 0.9%, at \$3.141 a million British thermal units on the New York Mercantile Exchange. Prices have fallen 6% over the past five sessions, leading futures to the lowest level since Oct. 7. "I think the market was kind of already in sell mode this week anyways," said Kent Bayazitoglu, director of market analytics for Gelber & Associates. Thursday's stockpiles count "makes it a little easier for prices to fall a few cents lower."



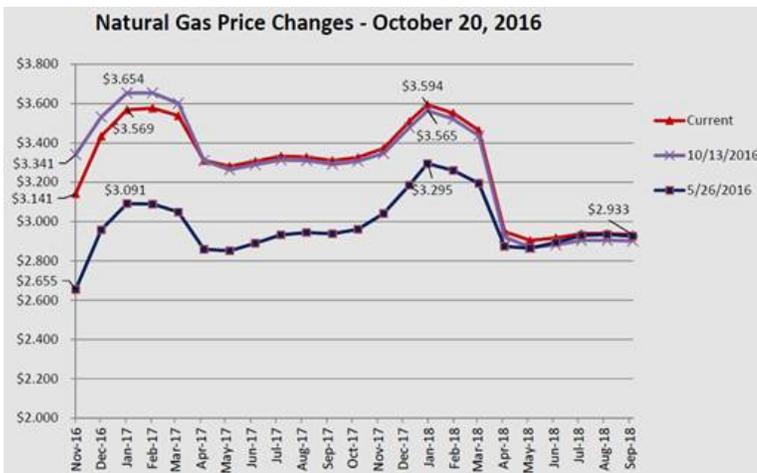
Warmer-than-normal autumn weather this year has weighed on the outlook for demand. Weather has a big influence on natural-gas prices because half of U.S. homes use it for winter heat and it supplies a third of all power demand, which surges when summer heat keeps air conditioners running. Weather forecasts are showing warm temperatures extending further into November. MDA Weather Services in Maryland is forecasting **temperatures 5 to 15 degrees**

Fahrenheit above normal, covering half the country from Oct. 25 to Nov. 3, a time when bullish traders are often pulling for an early shot of cold to drain stockpiles.



Without a change in demand expectations, natural gas prices should remain under pressure, said Teri Viswanath, managing director of natural gas at PIRA Energy Group. "We're waiting for frost on the pumpkins and we're not getting it," she said.

Looking at prices week-on-week we can certainly see the 20 cent drop at the front of the curve. The 2016-17 Winter strip fell 10.4 cents to \$3.452 /Dth. The 2017 Calendar strip was down 0.4 cents for the week to \$3.397 /Dth and the 2018 Calendar strip was up 3.1 cents to \$3.110 /Dth.



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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 weekend.

Blake