

Blake Baxter

Subject: FW: MEP weekly Gas Update 9-29-2016
Attachments: MEP Gas Storage Chart 2016 9 29.pdf; NG Price Curve 2016 9 29.pdf

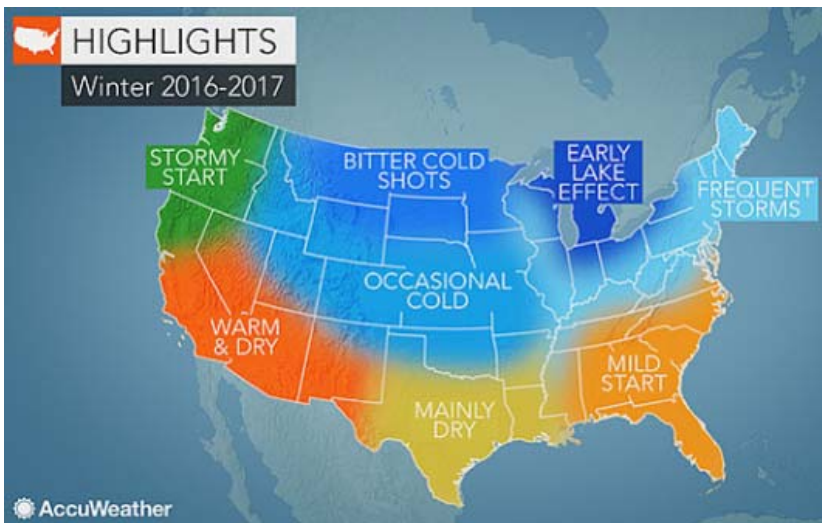
From: Blake Baxter
Sent: Thursday, September 29, 2016 5:46 PM
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Natural gas is currently trading at \$2.959 per Dth

What a beautiful day! Today was like the perfect fall day. In fact I took advantage of the weather and Paul and I went into Blue Mounds village and voted today. As a veteran I urge you to remember the sacrifices of our men and women in uniform and exercise your right to vote. Regardless of what you think of the candidates or the system it is diminished when anyone fails to exercise their constitutional right to vote.

It also appears that the gas markets have taken some note of the beautiful weather as gas prices were generally in retreat this week. The October contract slumbered its way into its Wednesday settle by moving down from \$2.990 /Dth last Thursday to a final close of \$2.952 /Dth. However, the November contract, which is now prompt, peaked at \$3.166 /Dth last Thursday and finished its first full day of trading today as prompt at \$2.959 /Dth. So November was down 4.3 cents for the day and a whopping 20.7 cents for the week. Please keep that fall sunshine coming.

And speaking of weather, AccuWeather has come out with their winter forecast (see chart).

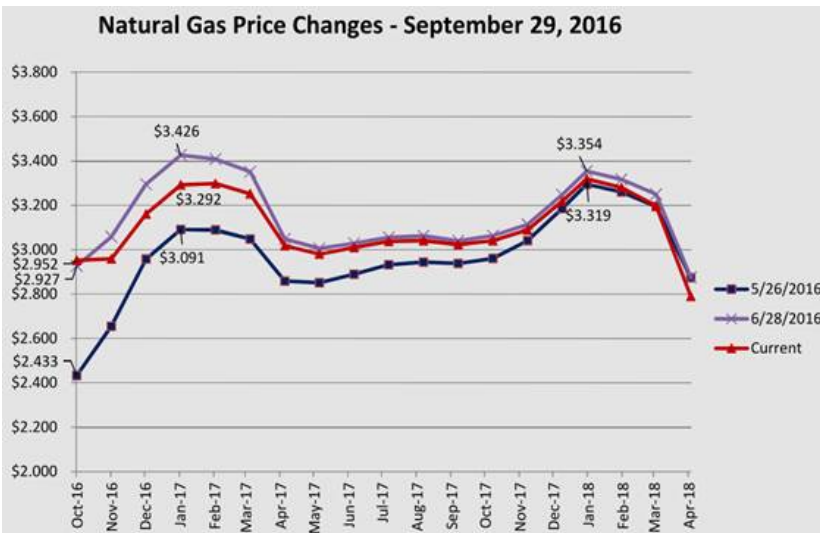


The only difference between their forecast and the recent forecast from the Climate Prediction Center seems to be some variance on when the weather develops. Both have an initial warm period to winter, however AccuWeather has cold weather in Fargo and Duluth in December and CPC leans more towards January. AccuWeather also likes to be a little more colorful in their forecasts; both in terms of charts and language. I mean who could ever imagine severe sub-zero temperatures in Fargo, ND in January?

Today's storage report came out at a +49 BCF which was somewhat below the expectation of +54 BCF. With that addition inventory now stands at 3.6 TCF which is still slightly ahead of last year. However, as noted, the traders appeared to have been more captivated by the weather than the inventory report.



Most of the rest of the gas complex followed the retreat of the November contract this week. The 2016/17 Winter Strip finished down at \$3.192 /Dth, down 10.2 cents for the week. The 2017 Calendar Strip finished at 3.108 /Dth, down 7.3 cents, while the 2018 Calendar Strip moved down 5.6 cents to \$2.93 /Dth. Looking at the ranges most contracts have retreated back away from the recent highs.



The early expectation for next week is for more mild weather and a storage build somewhere in the 70's.

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