

Blake Baxter

Subject:

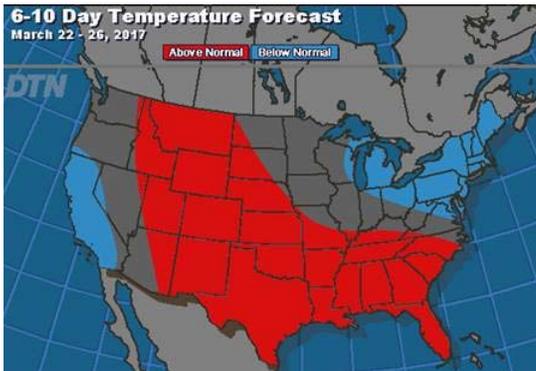
FW: MEP Weekly Gas Update 3-16-2017

Attachments:

MEP Gas Storage Chart 2017 3 16.pdf; NG Price Curve 2017 3 16.pdf

Natural gas is currently trading at \$2.902 per Dth

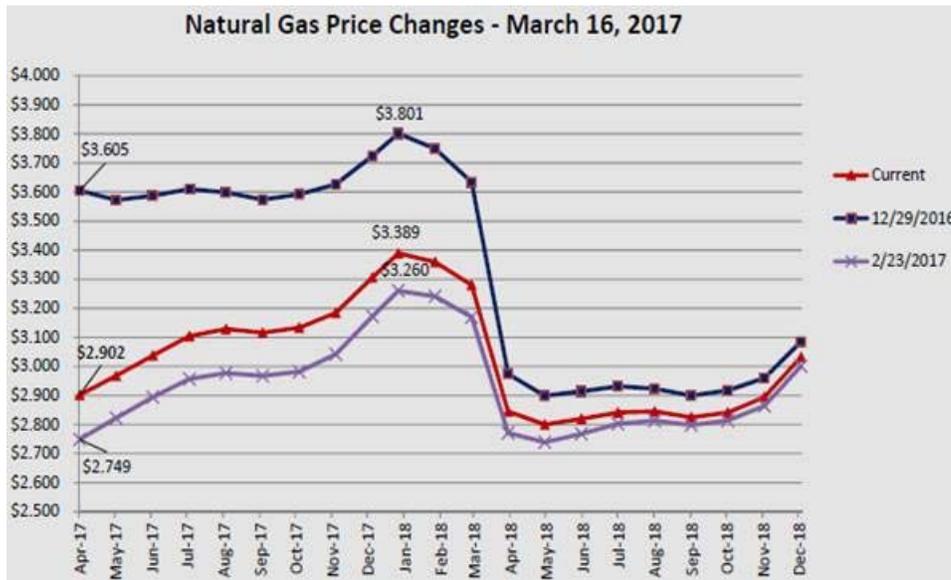
I may have to cut Punxsutawney Phil and NOAA some slack given that it has been looking more like winter since our summer in February weather event last month. In fact, I was talking to our son Richard down in Chattanooga yesterday and even they have had snow flurries this week. I keep trying to talk him into moving to Wisconsin, but he is finally making use of his GI Bill (he served with the 101st ABN in Afghanistan), so it may be a while. So it seems that we have not been the only ones having unusual weather.



The Northeaster that pummeled New England helped to drive prices back up off the end of February lows, but gas has started to fade just like the storm. The EIA reported a -53 BCF draw from inventory in its weekly report released this morning. This was slightly off the expectation of -56 BCF, but it still reversed an early morning sell off as traders reassessed the contract. Barclays lowered their 2017 gas price forecast this morning from \$3.38 /Dth to \$3.02 /Dth, but warned that summer heat could be very supportive of prices. Moreover, while this winter was not nearly as cold as was expected, we are currently -236 BCF lower in inventory than last year at this time and will likely reach -300 BCF or more before the end of March. That means that we will have to inject 10 BCF per week more than we did last year to reach full inventory before next winter. So there are two things that we need to be watching over the next few months: (1) does natural gas production start rising again to meet the increased demand for inventory, LNG exports, power generation and industrial demand; and, (2) do we see heat building in the air conditioning hungry South early this year.



The April contract finished the day at \$2.902 /Dth, down 7.9 cents. The 2017 summer strip moved down 7.7 cents this week to \$3.050 /Dth while the 2017/18 winter strip faded 8.3 cents to \$3.304 /Dth. The 2018 calendar strip also moved down this week as it dropped 4.8 cents to \$2.981 /Dth.



Have a great weekend.

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.

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