

## Blake Baxter

**Subject:** FW: MEP Weekly Gas Update 3-2-2017  
**Attachments:** MEP Gas Storage Chart 2017 3 2.pdf; NG Price Curve 2017 3 2.pdf

### Natural gas is currently trading at \$2.804 per Dth

I am not sure how all of you felt about the return of winter, but Paul was one happy fella to see all that fresh snow. His joy was boundless as he jumped across the yard taking time occasionally to dive in head first.

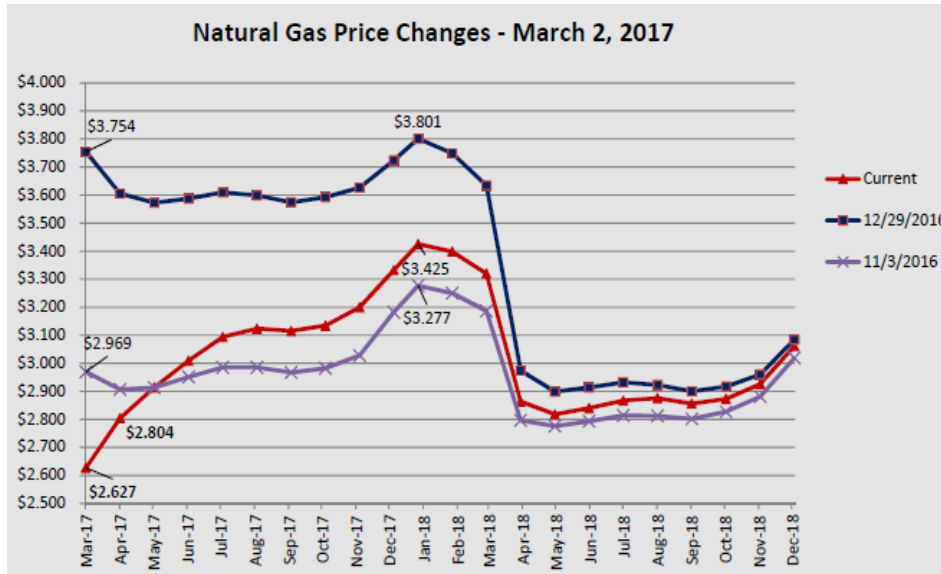


Of course Paul was not the only one to take notice of the returning snow. After watching the March natural gas contract close at \$2.627 /Dth last Friday, the April contract has posted three straight up sessions to close at \$2.804 /Dth today. This was done despite the EIA reporting a +7 BCF **INJECTION** into U.S. gas inventories for the week ending February 24<sup>th</sup>. Yes, an injection in February is an extremely rare event. I only have 10 years of history on my desk top, but I do not recall any previous February injections during my 37 years in the industry. I will have to dig into the archives on that one. Currently we have 2,363 BCF in inventory which is -187 BCF less than at this point last year.



Undoubtedly the return of some weather has helped the contract. However, the EIA also reported that natural gas production fell again in January. Currently we lost 4.5% of production against the all-time record high set last February

at 82.59 BCF/day. Producers have been gradually adding additional drilling rigs and Pennsylvania, Ohio and West Virginia have seen production increases, but Texas, which is still the largest producing state at 20.7 BCF/day, has seen production decline 11% year-on-year. A number of companies have announced capital budgets that call for more drilling this year, but that could change if prices fall off again as they did last year.



This week’s bounce can be seen across the board. The March contract rolled off at \$2.627 /Dth while the April contract is now trading up at \$2.804 /Dth. The 2017 Summer strip was up 12.1 cents week-on-week to 3.028 while the 2017/18 Winter strip was up 15.8 cents to \$3.350 /Dth. The 2018 Calendar also posted a 9 cents increase this week to \$3.01 /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.

Blake



**Blake Baxter | Senior Energy Originator | MEP Solutions, LLC**  
**Direct: 608.819.4011 | Cell: 423.315.1919 | Fax: 608.273.9764**  
**3201 Latham Drive Madison, WI 53713**  
[blake.baxter@MEPSolutions.org](mailto:blake.baxter@MEPSolutions.org)  
**PROCUREMENT | ANALYSIS | ENGINEERING**

**Twitter: @MEPNatGas**

Please consider the environment before printing this e-mail.