

Blake Baxter

Subject:

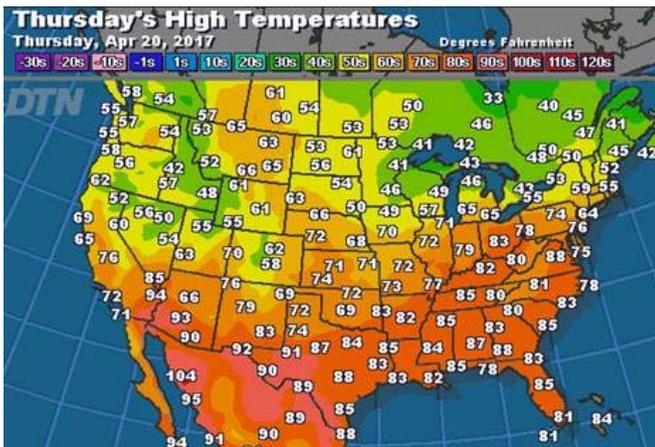
FW: MEP Weekly Gas Update 4-20-2017

Attachments:

MEP Gas Storage Chart 2017 4 20.pdf; NG Price Curve 2017 4 20.pdf

Natural gas is currently trading at \$3.159 per Dth

Well here we are again with another “Tweener” week – a week in which it is not cold enough in the north and hot enough in the south to spur much gas consumption. The only real question this week in Blue Mounds is whether I should plant the garden this coming weekend. Based on the current forecasts there does not appear to be much of a freeze risk at this point for our area. Currently NOAA’s May monthly forecast looks a lot like today’s weather with warmth across the south and up into the northeast.

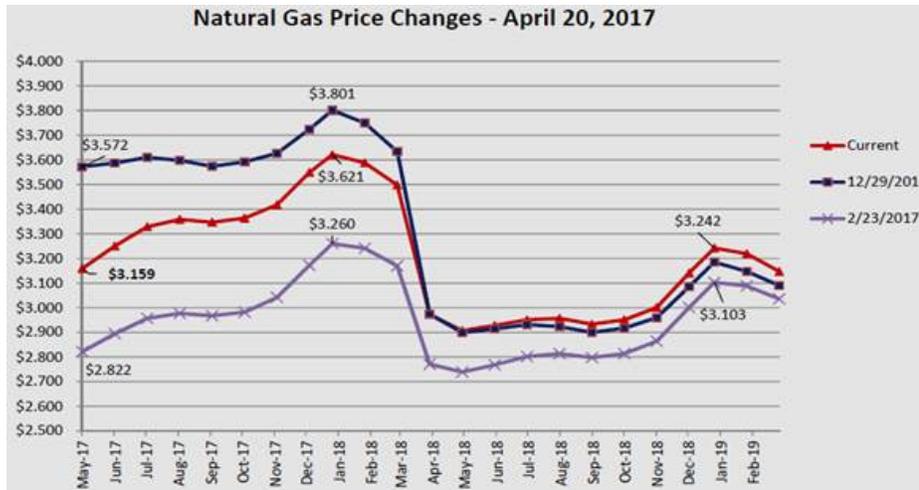


What is also most interesting is that I was out on the NOAA climate prediction website this past weekend and they are not showing any seasonal forecasts with below normal temperatures in any part of the U.S. until next spring. I am not sure about you, but I found that truly astounding. Nothing to see here, right?

And it was not just the weather that saw a Tweener week this week (say that 3 times fast) as the gas markets continued their sideways drift. The May gas contract tried to move lower today on the EIA’s report of a +54 BCF storage build, but the bulls pushed back in afternoon trading with the May contract closing for the day at \$3.159 /Dth, down just 2.6 cents.



There were two interesting news items this week. First the EIA announced that natural gas was used to generate more electricity in 2016 than coal. As we have discussed before, coal just cannot beat power generated from 7,000 heatrate gas-fired combined cycle power plants and as we add more renewables to our generation mix coal cannot match the quick ramp times of gas-fired units. Second the EIA announced that we set a new LNG export record in February with Cheniere Energy’s Sabine Pass facility exporting 52 BCF for the month. As mentioned a couple of weeks ago, the third export train has been approved by the EIA to commence operations so this number will be quickly eclipsed.



For the week, the 2017 summer strip moved down 4.6 cents to \$3.283 /Dth while the 2017/18 winter strip moved down 3.8 cents to \$3.535 /Dth. The 2018 calendar strip moved up 1.3 cents week-on-week to \$3.121 /Dth while the 2019 calendar strip popped up 5 cents to \$2.899 /Dth.

Have a great weekend!

Blake

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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.



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