

Weekly Edition

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Weekly Highlights

- Heightened demand expectations from this week's Nor'easter and strong inventory draw pushed the front-month \$0.22 higher as of Monday. By Tuesday's front-month settlement, prices reversed, however, back down under \$3.
- Spot prices at multiple New England hubs remain above \$6 per MMBtu.
- The National Weather Service (NWS) predicts below average temps to remain in New England through the end of March (*below*). While the southern U.S. enjoys above average temps for the month.
- Eight U.S. oil rigs came back last week, along with five natural gas rigs.
- EPA chief Scott Pruitt's comments disagreeing that CO2 is a primary contributor to global warming signals a significant shift in direction.
- Less gas-fired generation is expected in California this spring and summer, predicting a deluge of cheap hydroelectric power.

Last Five Days of NYMEX Contract and Strip Prices

	Wed 8-Mar	Thu 9-Mar	Fri 10-Mar	Mon 13-Mar	Tue 14-Mar
April 2017 Contract	\$2.901	\$2.974	\$3.008	\$3.043	\$2.938
May 2017 Contract	\$2.981	\$3.046	\$3.074	\$3.107	\$2.993
Apr 17 - Oct 17	\$3.072	\$3.132	\$3.156	\$3.185	\$3.075
Nov 17 - Mar 18	\$3.344	\$3.387	\$3.395	\$3.405	\$3.311
Apr 18 - Oct 18	\$2.854	\$2.867	\$2.874	\$2.877	\$2.834
Nov 18 - Mar 19	\$3.080	\$3.090	\$3.089	\$3.090	\$3.048
Apr - Dec 2017	\$3.119	\$3.176	\$3.196	\$3.222	\$3.115
Jan - Dec 2018	\$3.010	\$3.029	\$3.035	\$3.039	\$2.984
Jan - Dec 2019	\$2.881	\$2.885	\$2.880	\$2.875	\$2.832
Jan - Dec 2020	\$2.856	\$2.852	\$2.842	\$2.835	\$2.820

The above chart provides NYMEX contract and strip prices based on the last five settlement dates. The seasonal strip prices and calendar year prices are the simple average of multiple contract months.

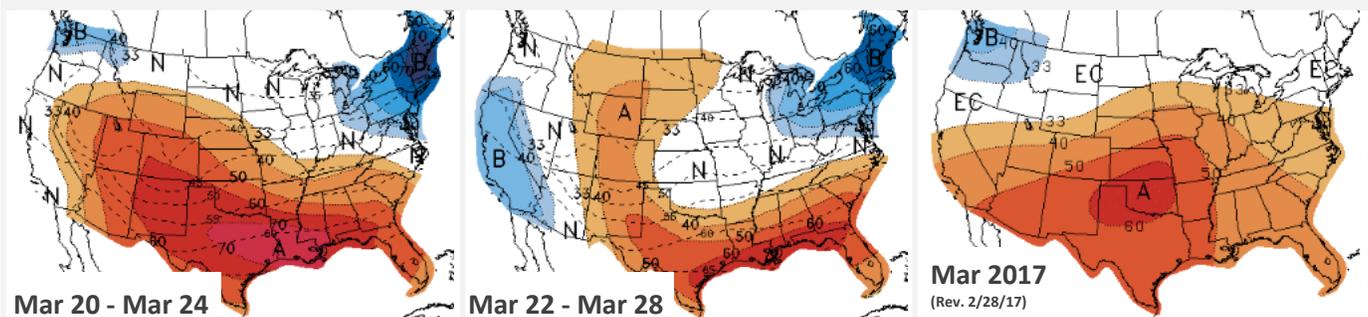
Daily Trading: Highs and Lows

Contract	Trading Date	Open	High	Low	Settle	RSI
Apr 2017	03/06/17	\$2.911	\$2.952	\$2.857	\$2.901	45.50
Apr 2017	03/07/17	\$2.872	\$2.890	\$2.815	\$2.824	41.30
Apr 2017	03/08/17	\$2.835	\$2.949	\$2.833	\$2.901	46.60
Apr 2017	03/09/17	\$2.913	\$2.990	\$2.889	\$2.974	51.11
Apr 2017	03/10/17	\$2.987	\$3.043	\$2.966	\$3.008	53.10
Apr 2017	03/13/17	\$3.083	\$3.089	\$2.990	\$3.043	55.12
Apr 2017	03/14/17	\$3.018	\$3.063	\$2.927	\$2.938	48.38

The above chart reflects the daily trading range of the front-month natural gas NYMEX contract for the past seven trading days. The Open indicates the price of the contract when the trading day began. The High and Low represent the daily trading range. The Settle, also referred to as the closing price, represents the price at the end of the trading day.

The Relative Strength Index (RSI) measures the velocity of price movement. A value over 70 is a sign that gas is overvalued; while a value under 30 is a sign that gas is undervalued, and may represent a buying opportunity.

National Weather Service Temperature Outlooks



Weather Map Color Code

Blue Colors (B): Below normal temperatures / Orange/Red Colors (A): Above normal temperatures
 No Color (N): Normal Temperatures / No Color (EC): Equal chance of above normal or below normal

Pricing Analysis

April 2017

(Expires March 29, 2017)

Downside price pressure is being contained by current and mid-range cold, which implies strong demand for heating and potentially lower storage inventories at the end of the withdrawal season. But, this latest cold snap could be the last instance of strong winter weather before entering the spring shoulder season in April and May, a time where natural gas demand drops considerably due to a lack of heating demand or cooling needs from the power sector. So, for now, prices are likely to bounce back and forth between \$2.65 and \$3.10 per MMBtu, with sellers surfacing at the upper end and buyers surfacing at the lower end of the range.

May 2017

(Expires April 26, 2017)

All eyes remain on production levels. If prices are going to breach the lower end of the above price range, dry production levels are going to have to climb to over 71.0 Bcf/day in April, and continue to over 72 Bcf/day in May. Absent that, it will be difficult for prices to weaken.

Forward Natural Gas NYMEX Prices
(Yesterday, Last Week, and Last Month)



Longer-Term

(Through 2017)

Production remains the pivotal game changer for natural gas prices in 2017. The rig count is climbing, but there has yet to be decisive evidence that production is on the rise. Expectations are for production levels to be considerably higher heading into 2018 when several new pipelines go into service, so that is why 2018 prices continue to trade at a discount to 2017. However, the outlook for the summer of 2017 is less clear. If production levels don't rise to above 72 Bcf/day in the next 60-90 days, a return to the mid-\$3's is feasible.

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Weekly NYMEX Data

NYMEX Month	03/14/17	03/07/17	Weekly Change
Apr-17	\$2.938	\$2.824	\$0.114
May-17	\$2.993	\$2.921	\$0.072
Jun-17	\$3.060	\$3.008	\$0.052
Jul-17	\$3.121	\$3.081	\$0.040
Aug-17	\$3.144	\$3.110	\$0.034
Sep-17	\$3.128	\$3.101	\$0.027
Oct-17	\$3.143	\$3.121	\$0.022
Nov-17	\$3.196	\$3.185	\$0.011
Dec-17	\$3.311	\$3.322	(\$0.011)
Jan-18	\$3.394	\$3.412	(\$0.018)

The above chart shows the NYMEX daily settlement for 12 consecutive months in comparison to settlement prices one week ago. The Weekly Change column indicates the change from last week to this week.

U.S. Gas Storage Weekly Change

	Week Ending	Per Week	Last Year	5-Year Avg
Actual	02/17/17	(89)	(131)	(158)
Actual	02/24/17	7	(67)	(132)
Current	03/03/17	(68)	(63)	(136)
Forecast	03/10/17	(56)	(9)	(85)
Forecast	03/17/17	(150)	13	(21)

Current Inventory Total:	2,295
Current Y-O-Y Surplus:	(192)
Current 5-Year Average Surplus:	363
ESI Projected 4/1/2017:	2,039

All Figures in billion square feet (Bcf)
Source: EIA, Energy Solutions, Inc.

U.S. Drilling Rig Counts

	2/24/17	3/3/17	3/10/17
Natural Gas Rigs	151	146	151
Crude Oil Rigs	602	609	617

Source: Baker Hughes

Commitment of Traders

	2/21/17	2/28/17	3/7/17
Commercial (Hedgers)			
Long	473,797	495,912	476,093
Short	462,246	473,272	448,533
Net	11,551	22,640	27,560
Non-Commercial (Speculators)			
Long	311,977	325,710	338,088
Short	357,832	380,560	393,241
Net	(45,855)	(54,850)	(55,153)

Source: U.S. Commodity Futures Trading Commission (CFTC)

This table represents the Futures Only Commitment of Traders weekly report. The categories are further broken down in the disaggregated COT report.