



Short-Term Market Drivers

Bullish

Driving Prices Up

Natural Gas—Storage Supply

- ◆ The injection of 78 Bcf was slightly lower than expected. Currently, storage stands at 2,709 Bcf, which is 11% less than year-ago levels and 9% greater than the five year average.

Other Factors

- ◆ Supply was flat with demand rising 3% from last week. A contributor to the rise was the increase in exports to Mexico which rose 13% from last week.

Bearish

Driving Prices Down

Natural Gas –Production Supply

- ◆ Increased prices and drilling efficiencies are driving producers to increase rig counts. Baker Hughes reports natural gas rig count is currently at 185, up 3 from last week.

Weather—Demand

- ◆ Temperatures averaged 69° Fahrenheit, which was 1° above normal. Forecasts continue to call for moderate temperatures.

Natural Gas Futures 12 Month Strip

■ Historic ■ Historic Avg



Pricing Bottom-Line:

Prices decreased slightly last week and have stayed moderate as weather has been moderate.

So far, it has been a mild summer.

Long-Term Market Drivers

Bullish

Driving Prices Up

Natural Gas Consumption Grows

- ◆ EIA's forecast of U.S. total natural gas consumption averages 76.6 Bcf/d in 2016 and is predicted to be 77.8 Bcf/d in 2017. The chart below represents the continued growth from the power sector as natural gas fueled plants grew from 23% to 41% in the northeast.

Export Growth to Mexico

- ◆ Platts Analytics predicts US natural gas exports to grow by 58% by '21. 2016 averaged 2.1 Bcf/d, thus growth is predicted to 5.7 Bcf/d by '21.

US Economy

- ◆ ITR Economics (<https://itreconomics.com/>) predicts strong GDP growth of 3.7% in '17 from a relatively flat 2.1% growth in '16.

LNG Growth (Chart)

- ◆ Platts Analytics predicts growth to 10.1 Bcf/d by 2020 as the first shipments of LNG started in March of '16.

Bearish

Driving Prices Down

Capacity Auction Results

- ◆ (NEISO) June '20 to May '21 contract **price dropped by 22%** from the previous year. This is due to growth of demand response program.

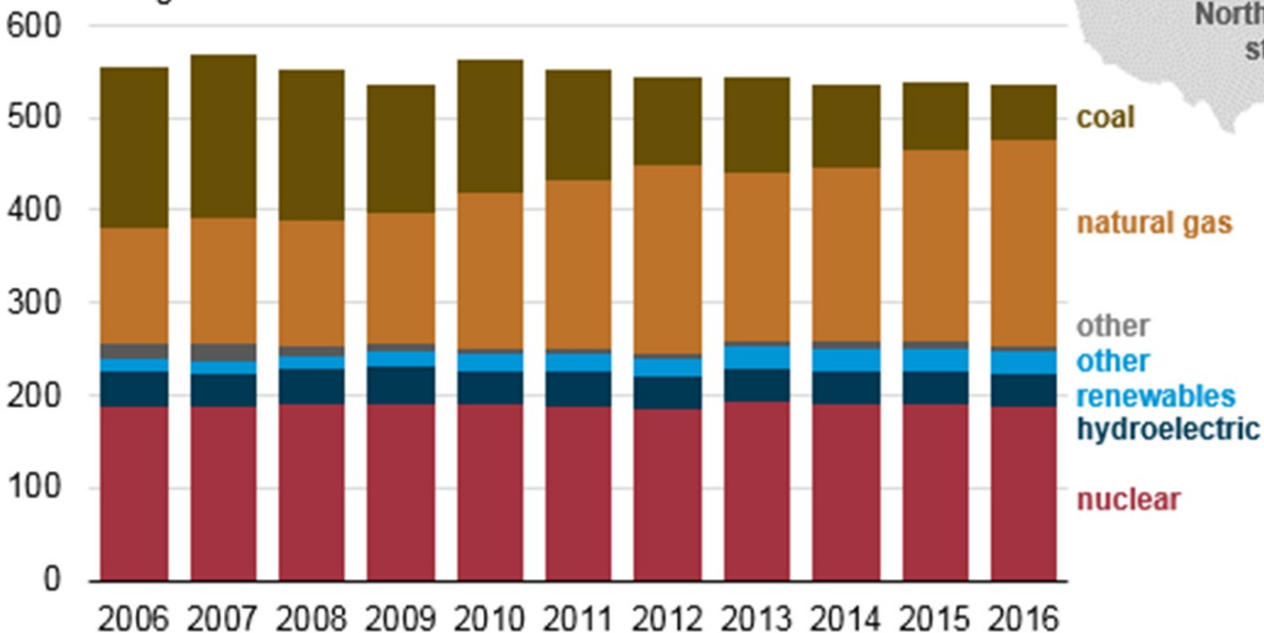
NE Pipeline Expansion

- ◆ Texas Gas Transmission OH-LA pipeline with capacity of 758 MMcf/d will help mitigate congestion on NE pipeline system.

Wind Generation

- ◆ Capacity to grow over 20% by '19. Fourth quarter of 2016 was the second most installed capacity in the nation. Texas led the nation and currently has half of all construction projects.

Net electricity generation by fuel in Northeast states, 2006-2016
million megawatthours



Source: U.S. Energy Information Administration, [Power Plant Operations Report](#)