

PRICES

Prices rise this week on colder weather in the northern half of the country. This report week (Wednesday, November 1 to Wednesday, November 8), the Henry Hub spot price rose 51¢ from \$2.64/MMBtu last Wednesday to \$3.15/MMBtu yesterday.

Supply flat. According to data from PointLogic Energy, the average total supply of natural gas remained the same as the previous report week, averaging 81.3 Bcf/d. Dry natural gas production remained constant week over week. Average net imports from Canada decreased by 5% from last week.

Overall demand up. Total U.S. consumption of natural gas rose by 2% compared with the previous report week, according to data from PointLogic Energy. Despite the relatively cold weather in the North, parts of the Gulf Coast experienced temperatures averaging in the high 70 degree Fahrenheit range. As a result, natural gas consumed for power generation climbed by 7% week over week. Industrial sector consumption decreased by 2% week over week. With warm weather in the South offsetting cold weather in the north, consumption in the residential and commercial sectors remained flat, averaging 21.7 Bcf/d. Natural gas exports to Mexico increased 4%.

U.S. LNG exports decrease week-over-week. Four LNG vessels (LNG-carrying capacity 14.4 Bcf) departed Sabine Pass liquefaction facility last week (Thursday to Wednesday) and one tanker (LNG-carrying capacity 3.8 Bcf) was loading at the terminal on Wednesday.

**Near-month natural gas futures prices
(Nymex)**



Source: Natural Gas Intelligence

STORAGE

Net injections fall below the five-year average in most regions. The East region reported its first withdrawal of the heating season, pulling 1 Bcf of natural gas from storage. The Midwest region posted net injections totaling 5 Bcf, or 8 Bcf below the five-year average. Net injections fell 7 Bcf below the five-year average of 20 Bcf in the South Central region for the report week. However, salt dome facilities posted net injections totaling 12 Bcf compared with the five-year average of 9 Bcf. The South Central salt region the only region to top the five-year average this week.

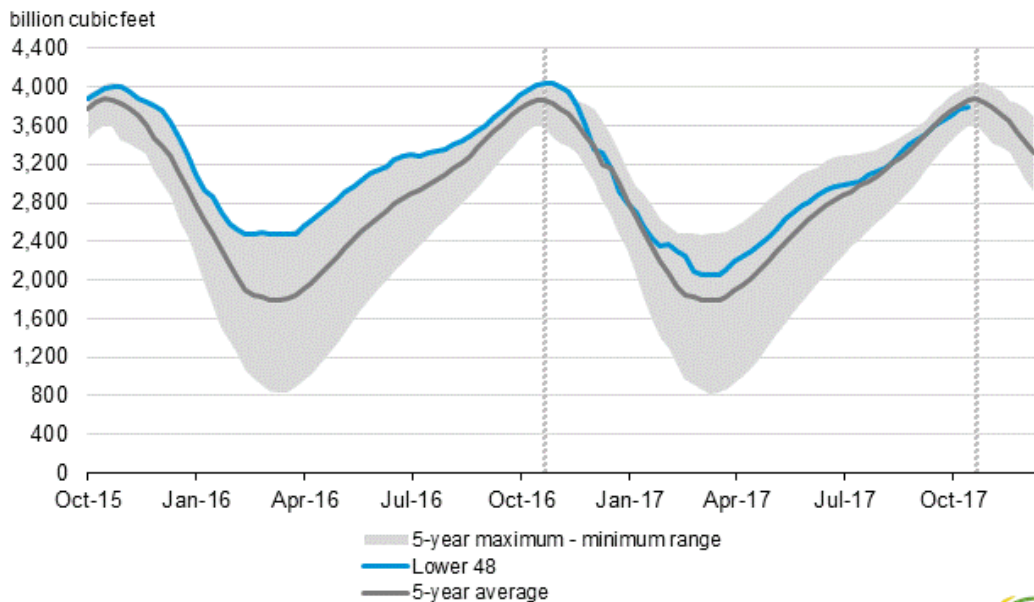
Temperatures decline on the week and are lower than normal in most regions outside the Northeast. Temperatures in the Lower 48 states averaged 50 degrees Fahrenheit (°F), 1°F lower than the normal and 7°F lower than last year at this time. During the prior report week ending October 26, temperatures averaged 59°F. Temperatures in the New England and Middle Atlantic Census divisions averaged 60°F and 58°F, or 11°F and 9°F above normal, respectively.

Working Gas in Underground Storage Stocks

Region	billion cubic feet (bcf)		
	11/03/17	10/27/17	change
East	925	926	-1
Midwest	1,112	1,107	5
Mountain	224	226	-2
Pacific	317	317	0
South Central	1,212	1,199	13
Total	3,790	3,775	15

Source: U.S. Energy Information Administration

Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration



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IN THE NEWS

Natural gas stocks end refill season just below the five-year average

Working natural gas in storage in the Lower 48 states as of October 31 totaled 3,784 billion cubic feet (Bcf), as interpolated from EIA's Weekly Natural Gas Storage Report data released November 9. The natural gas storage injection season has been traditionally defined as April 1 through October 31, although injections often occur into November. Inventories at the traditional end of this year's injection season were 58 Bcf (2%) lower than the five-year (2012–16) end-of-October average and 193 Bcf (5%) lower than the record-setting level of 3,977 established last year.

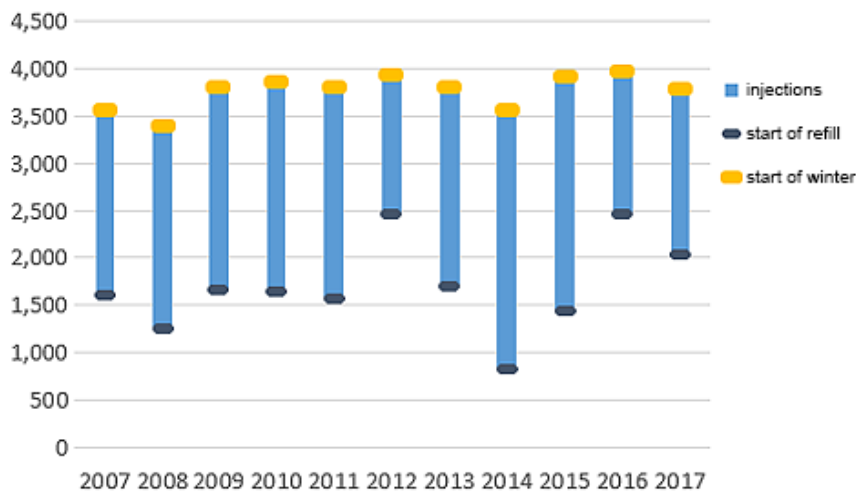
Working gas stocks ended the withdrawal season this year at 2,036 Bcf on March 31—the third highest level ever reported, falling 425 Bcf below the record level of 2,461 Bcf reported at the end of March in 2016. From April 1 through October 31, EIA estimates that net injections this year totaled 1,754 Bcf and were 298 Bcf (15%) lower than the five-year average and 238 Bcf (16%) more than injections last year. This was the third-lowest net injected volume for the refill season since 2007, with net injections this year exceeding only the 2012 total of 1,456 Bcf and the 2016 total of 1,516 Bcf—the only years with working gas levels over 2,400 Bcf at the beginning of the refill season.

Injection levels during refill season level can vary considerably, depending in large part on inventory levels at the start of the refill season. In 2016 and 2012, a high April 1 starting point and stronger-than-average power sector consumption during the late-spring and summer contributed to lower-than-average weekly net injections. Similarly, this year, a high April 1 level also resulted in a slower-than-average pace of injections. However, in 2017, increased natural gas demand came from the export sector, offsetting year-over-year declines in domestic electric power sector consumption of natural gas. In the past three years, working gas stocks have ended October within 200 Bcf of the previous five-year average.

Working gas levels have fallen below the five-year average in recent weeks, which may suggest that the market is tightening. The slow pace of injections during the 2017 refill season resulted in the difference between the working gas and its five-year average declining from a surplus of 265 Bcf on March 31 to a deficit of 58 Bcf on October 31. Historically, working gas deficits to the five-year average are correlated with higher spot prices at the Henry Hub, and surpluses to the five-year average are correlated with lower spot prices. Persistent working gas deficits to the five-year average could contribute to higher prices if natural gas supplies from storage become significantly more constrained in meeting increases in natural gas demand.

Lower 48 states end of refill season inventories

billion cubic feet



eia Source: U.S. Energy Information Administration