



## Storage Report – 12/17/2015

Thursday's storage report cited a withdrawal of 34 Bcf, bearish to market expectations of a 41 Bcf withdrawal.

As a comparison, last year's reduction for the same week was 76 Bcf, and the five-year average is 79 Bcf.

Working gas in storage was 3,846 Bcf as of Friday, December 11th, 2015, according to EIA estimates. Inventory was reported at 541 Bcf (+16.4%) more than last year at this time, and 322 Bcf (+9.1%) above the 5-year average of 3,524 Bcf.

## Natural Gas Trends:

**January NYMEX:** Gas prices are on course for its biggest loss since 2006, as two weeks of above normal December temperatures have plunged prompt month gas prices below \$1.80/Dth. A week ago Thursday, JAN '15 closed at \$2.015/Dth. Yesterday Jan '15 closed trading at \$1.755/Dth, down 7 cents on the day.

**Seasonal Strips:** The summer strip (JUN16-AUG16) closed Thursday's trading at \$2.262/Dth, down 9.2 cents from a week ago. Next year's winter strip (NOV16-MAR17) settled Thursday at \$2.655, down 5.4 cents from a week prior.

**12 month Strip:** Following suit, the 12-month strip has continued its week-to-week losses, closing Thursday's trading at \$2.210/Dth, down 10.3 cents from last week. As a comparison The 12-month strip was trading at \$3.578 a year ago to the day.

**Summary:** Current weather models for this weekend are forecasting a brief disruption in the current December warm spell, with more average temperatures and potential for snow in eastern third of the country. However warmer than normal weather is expected to return at the beginning of next week, with a growing belief that we could see record highs on Christmas Eve and Day. The persisting warm weather has been a focal point of the energy industry so far this winter, as the record breaking warmth has done little to curtail the record amount of natural gas in storage. According to the NOAA, overall temperatures in the Midwest have averaged 8-14 degrees above normal through the first two weeks of December.

Total count of producing rigs continues to fall, and was reported at 737 units last week, the lowest total combined oil and natural gas rig count since October of 1999.

Natural gas bulls have definitely seen better days as record warm temperatures and record domestic storage levels have recently sunk prompt month gas to its lowest prices in 16 years.

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