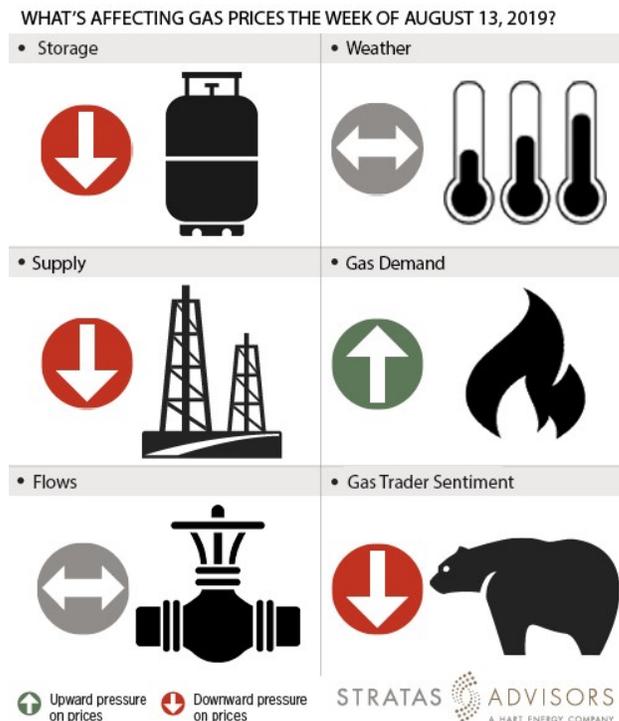


## What's Affecting Gas Prices the Week of August 13, 2019?

**Key Points:** Average dry gas production increased w-o-w and reached about 92 Bcf/d for the report week ending Aug. 9. Demand from power generation rose to 42.5 Bcf/d, an increase of 1.27 Bcf/d from the previous week. LNG net exports from the US were 1.80 Bcf/d higher during the report week. Imports from Canada increased from 5.45 Bcf/d to 5.63 Bcf/d while exports to Mexico rose by 0.1 Bcf/d to average at 5.4 Bcf/d.

Our analysis leads us to expect a 58 Bcf injection level for the report week. Our expectation is closely aligned to the current consensus of 56 Bcf and more than the 49 Bcf five-year average storage build.



### Storage - Negative

We estimate a storage build of 58 Bcf will be reported by the EIA for the week ended Aug 9. Last week, EIA reported a 59 Bcf injection for the prior week. The build increased inventory levels to 2,689 Bcf and increased deficits to 111 Bcf compared to the five-year average. This week we expect the build to be closely aligned to the five-year average. All in, we see storage changes as a negative driver for gas prices this week.

### Weather – Neutral

Cooler temperatures in the 70s to 80s range in the Northeast and Midwest regions, along with high temperatures in the 90s

to 100s in the Southwest region, have the NOAA estimating a moderate weather forecast for the next 8-10 days. Based on this, we project neutral natural gas demand.

### **Supply – Negative**

Field supply increased to more than 92 Bcf/d during the report week. Average total dry gas production has increased by about 0.65 Bcf compared to the prior week. We think that that supply growth will continue to impact prices negatively this week.

### **Demand – Positive**

Gas demand for power averaged nearly 42.5 Bcf/d and accounts for more than half of total natural gas demand in the US. Power generation demand has increased by 1.27 Bcf/d or 8.89 Bcf week-on-week. Demand from industrial plants has dropped slightly by 0.16 Bcf/d to average 42.48 Bcf/d. Despite the fall in industrial plant demand, we think that the overall demand growth will be a positive driving factor for gas prices.

### **Flows – Neutral**

Flows can be considered neutral this week as there were no new upset conditions.

### **Trader Sentiment – Negative**

With cooler temperatures expected for the Midwest and Northeast regions, we project Henry Hub prices to average lower than the \$2.20 range for the current week. The CFTC's 8/9/2019 commitment of traders report for NYMEX natural gas futures and options showed that reportable financial positions (managed money and other) on 8/6/2019 were 203,912 net short while reportable commercial operator positions came in with a 170,671 net long position. Total open interest was reported for this week at 1,400,379 and was up 37,901 lots from last week's reported 1,362,478 level.