LEGACY ENERGY®

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Energy Market Report

Report Date: June 7, 2024

Report Week: May 29, 2024 to June 5, 2024

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Newstracker:

-US natural gas spot prices rose at most locations from Wednesday, May 29, to Wednesday, June 5 (the Report Week), during which the Henry Hub spot price rose 1 cent to $2.22/MMBtu.

-The July 2024 natural gas futures contract rose 9 cents to $2.757/MMBtu for the Report Week. The price of the 12-month strip averaging July 2024 through June 2025 futures contracts rose 9 cents to $3.223/MMBtu. International natural gas futures prices were mixed this Report Week, with LNG cargoes in East Asia falling 2 cents to a weekly average of $11.98/MMBtu, and prices at TTF in the Netherlands rising 14 cents to a weekly average of $11.00/MMBtu. In the same week last year, prices were $9.25/MMBtu in East Asia and $7.95/MMBtu at TTF.

-Total US consumption of natural gas rose by 0.3% (0.2 Bcf/d) compared with the previous Report Week. Natural gas consumed for power generation rose by 0.7% (0.2 Bcf/d) week over week. Industrial sector consumption increased by 1.3% (0.3 Bcf/d) and residential and commercial consumption declined by 3.5% (0.3 Bcf/d). Natural gas exports to Mexico decreased 2.9% (0.2 Bcf/d). Natural gas deliveries to U.S. LNG export facilities (LNG pipeline receipts) averaged 13.2 Bcf/d, or 0.2 Bcf/d higher than last week.

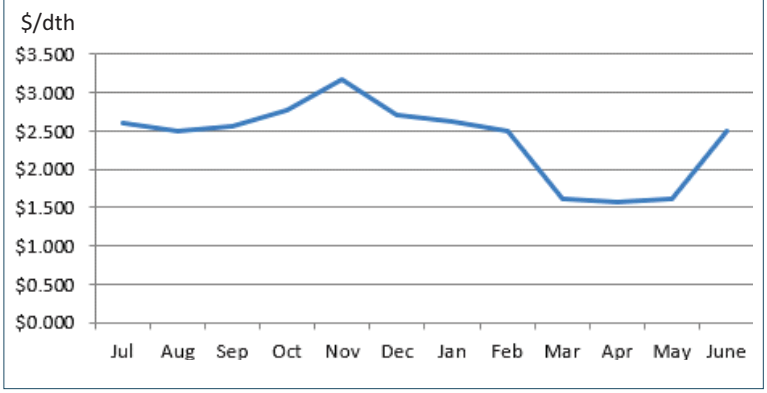
-The natural gas plant liquids composite price at Mont Belvieu, Texas, fell by 37 cents/MMBtu, averaging $6.70/MMBtu for the week ending June 5. Propane prices decreased 5%, while Brent crude oil prices decreased 4% week over week. The propane discount to crude oil decreased 3% for the week.

-For the week ending Tuesday, May 28, the natural gas rig count increased by 1 rig to 100 rigs. The number of oil-directed rigs fell by 1 rig to 496 rigs. The total rig count, which includes 4 miscellaneous rigs, was unchanged at 600 rigs, 96 rigs fewer than one year ago.

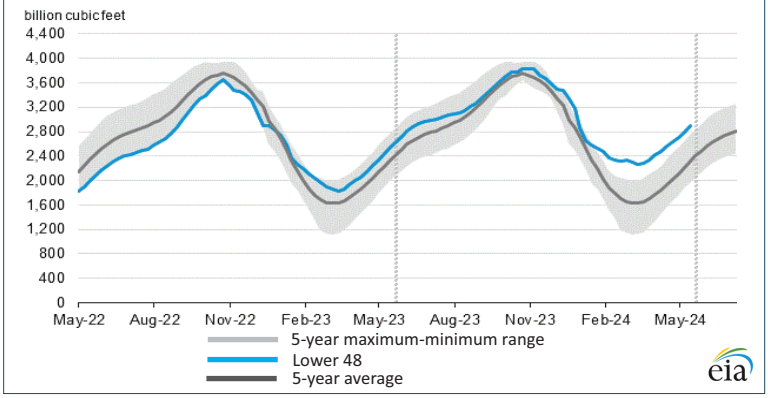
-Net natural gas injections into storage totaled 98 Bcf for the week ending May 31, compared with the five-year average net injections of 103 Bcf and last year's net injections of 105 Bcf during the same week. Working natural gas stocks totaled 2,893 Bcf, which is 581 Bcf (25%) more than the five-year average and 373 Bcf (15%) more than last year at this time.

Excerpted from eia

Monthly NYMEX Natural Gas Settle Price: Jul 2023 - Jun 2024:



Working natural gas in underground storage as of May 31, 2024

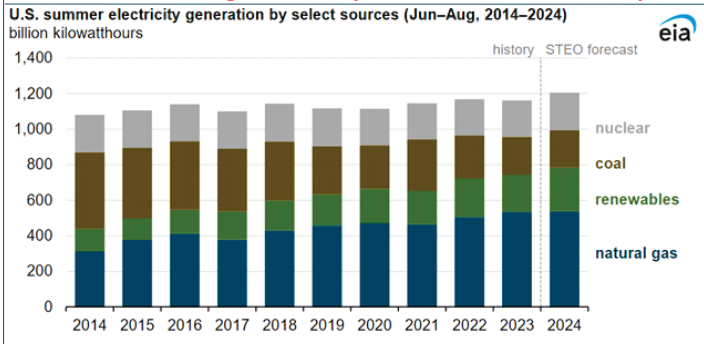


Forward 12-month NYMEX natural gas strip price - Jul24-Jun25:

Process Load-weighted $3.223/dth - w/o/w =▲$0.094

Typical Heat Load-weighted $3.432/dth - w/o/w =▲$0.090

US summer natural gas consumption forecast for electric power matches 2023 record:



Over the past few years, the balance of sources of electricity generation in the US—especially in the summer—has shifted to more natural gas and renewables and less coal. US natural gas-fired electric power generation has increased most years since 2014 as natural gas-fired generation has become more competitive with coal. Natural gas-fired generation capacity has increased over this period as well. Since 2014, US electric grid operators have increasingly dispatched natural gas-fired generation to meet growing electricity demand while US natural gas production has increased. More efficient combined-cycle gas turbine (CCGT) power plants, along with increased availability and relatively low prices for natural gas, have made natural gas-fired generation cheaper to run, increasing the use of natural gas as an electricity source compared with coal. Total US natural gas-fired generation capacity has grown by 19%, or 79 gigawatts, since 2014, and generation has grown 60%, or 675,000 gigawatthours. Between 2014 and 2023, the average annual capacity factor has also increased from 49% to 59% at CCGT power plants. Simple-cycle natural gas turbine (SCGT) plants, normally used as peaking plants, are dispatched more frequently in summer months when daily fluctuations in electricity demand are highest. SCGT plants have increasingly been used in the summer, which is a major contributing factor to growing natural gas-fired electricity generation. Between 2014 and 2023, the capacity factor at SCGT power plants grew from 8% to 14%. The SCGT power plant capacity factor in 2022 and 2023 averaged over 20% for parts of the summer. As electric generation capacity from renewable sources grows, natural gas is used increasingly to balance the intermittent nature of electricity produced from wind and solar. Since 2014, the share of US electricity generation from natural gas in the summer has increased almost every year except 2021, increasing from 29% in 2014 to 46% in 2023.

Excerpted from eia

"Art is either plagiarism or revolution." - Paul Gauguin[1]

[1] https://www.brainyquote.com/quotes/paul_gauguin_109850