

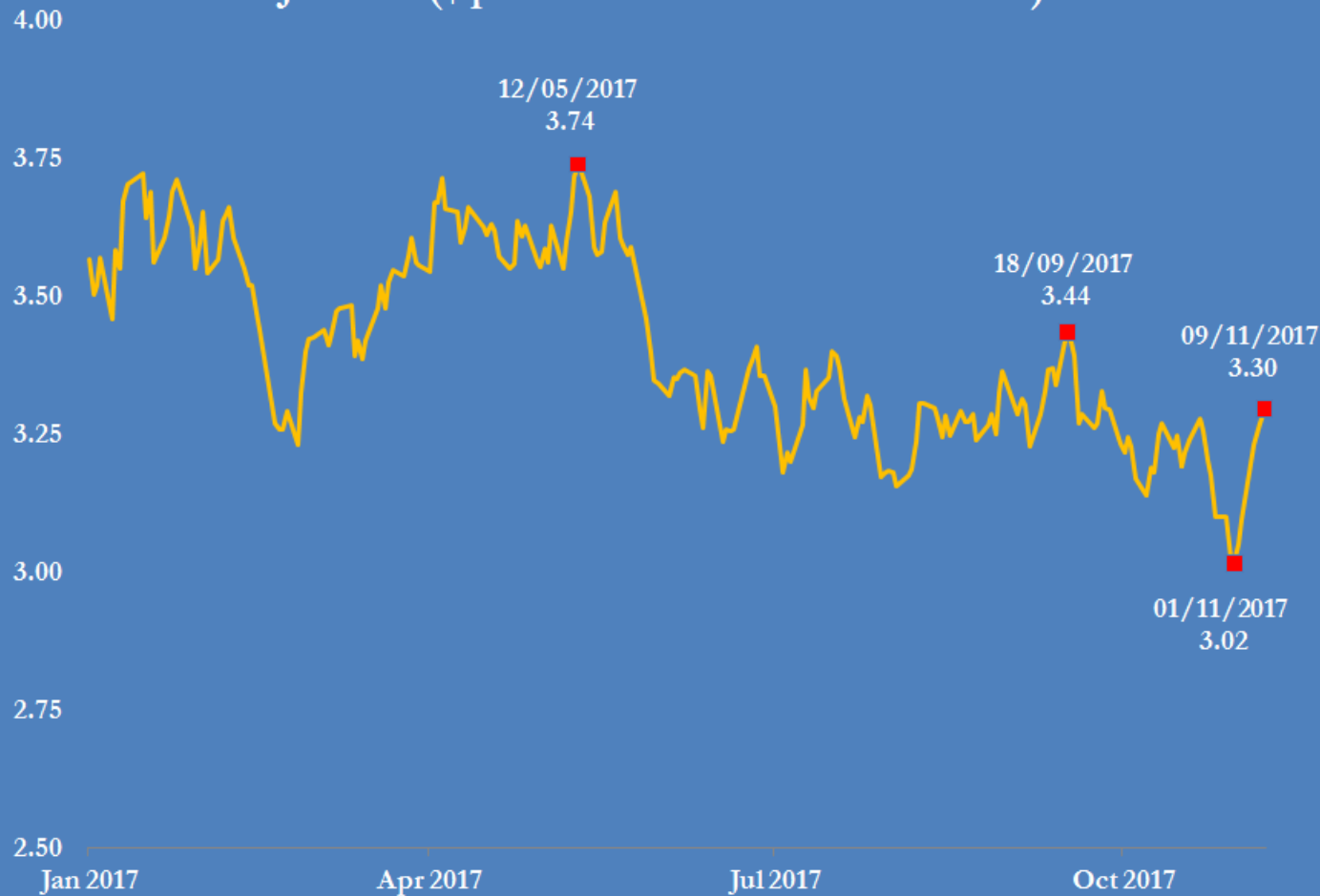
# U.S. natural gas stocks and prices

## Selected indicators

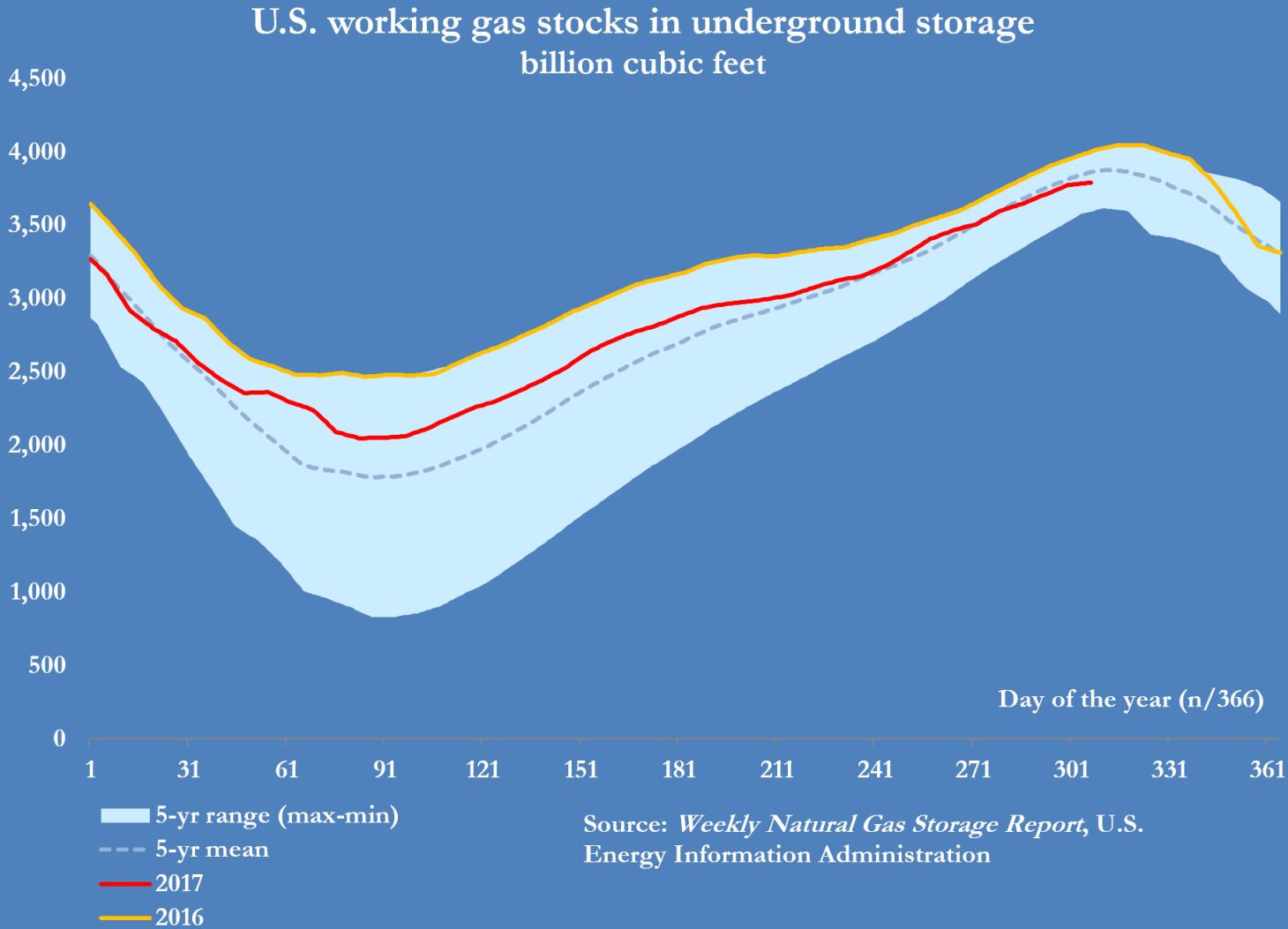
**JOHN KEMP**  
**REUTERS**  
10 Nov 2017

# Gas futures prices for delivery in Jan 2018 have risen by almost 10% since hitting a low at the start of Nov

U.S. natural gas futures price for deliveries to Henry Hub in Jan 2018 (\$ per million British thermal units)

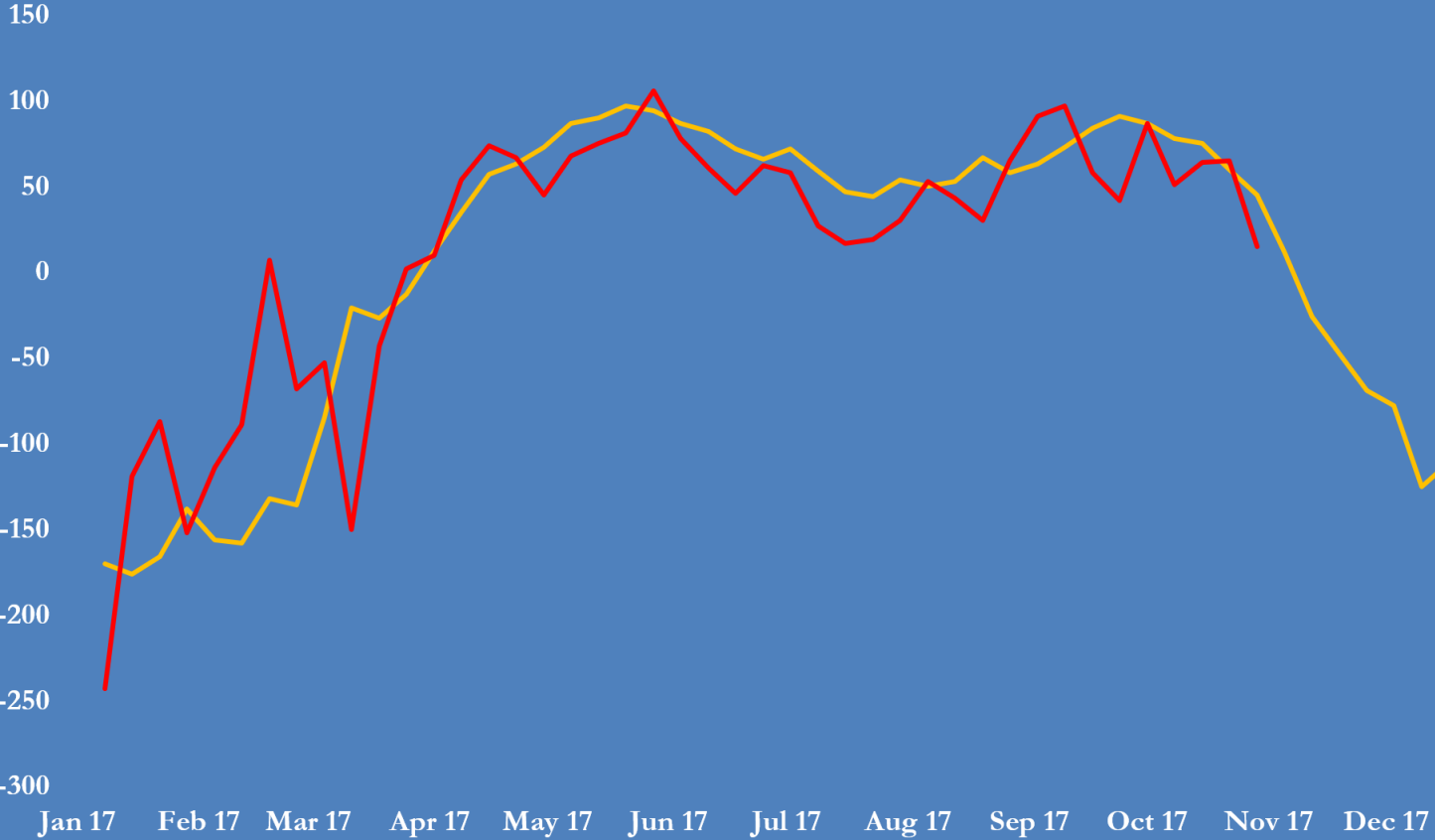


# U.S. working gas stocks in underground storage stood at 3,790 bcf on Nov 3, which was -70 bcf below the five-year average



# U.S. gas stocks have risen by less than the five-year average in 21 of the last 31 weeks

Weekly change in U.S. natural gas inventories  
Working stocks in underground storage, Lower 48 states, billion cubic feet

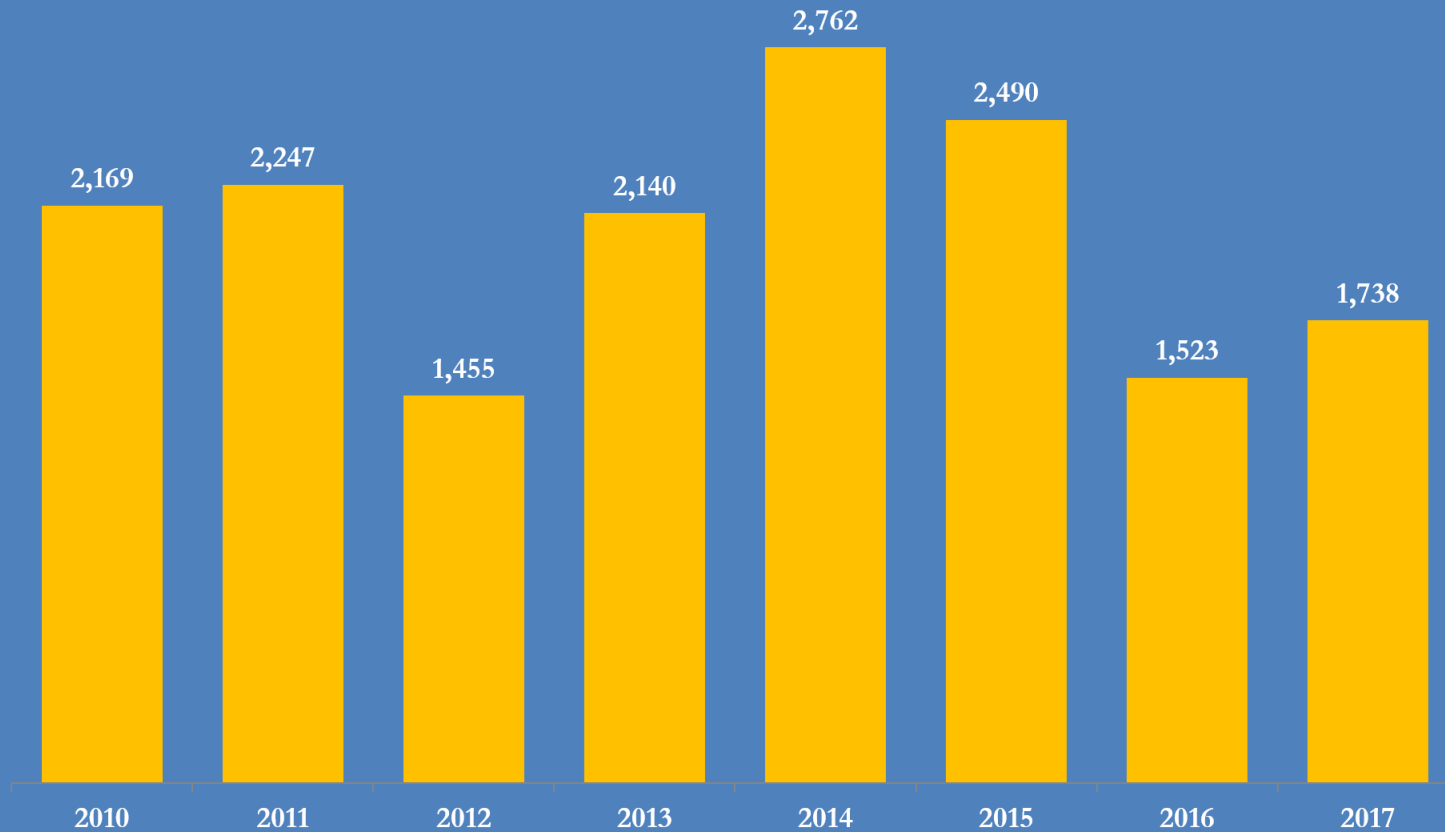


— 5-Year average change in stocks  
— 2017 change in stocks

Source: US Energy Information Administration  
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Gas stocks have risen by just +1,738 bcf since the start of April compared with an average rise of +2,074 bcf over previous five years

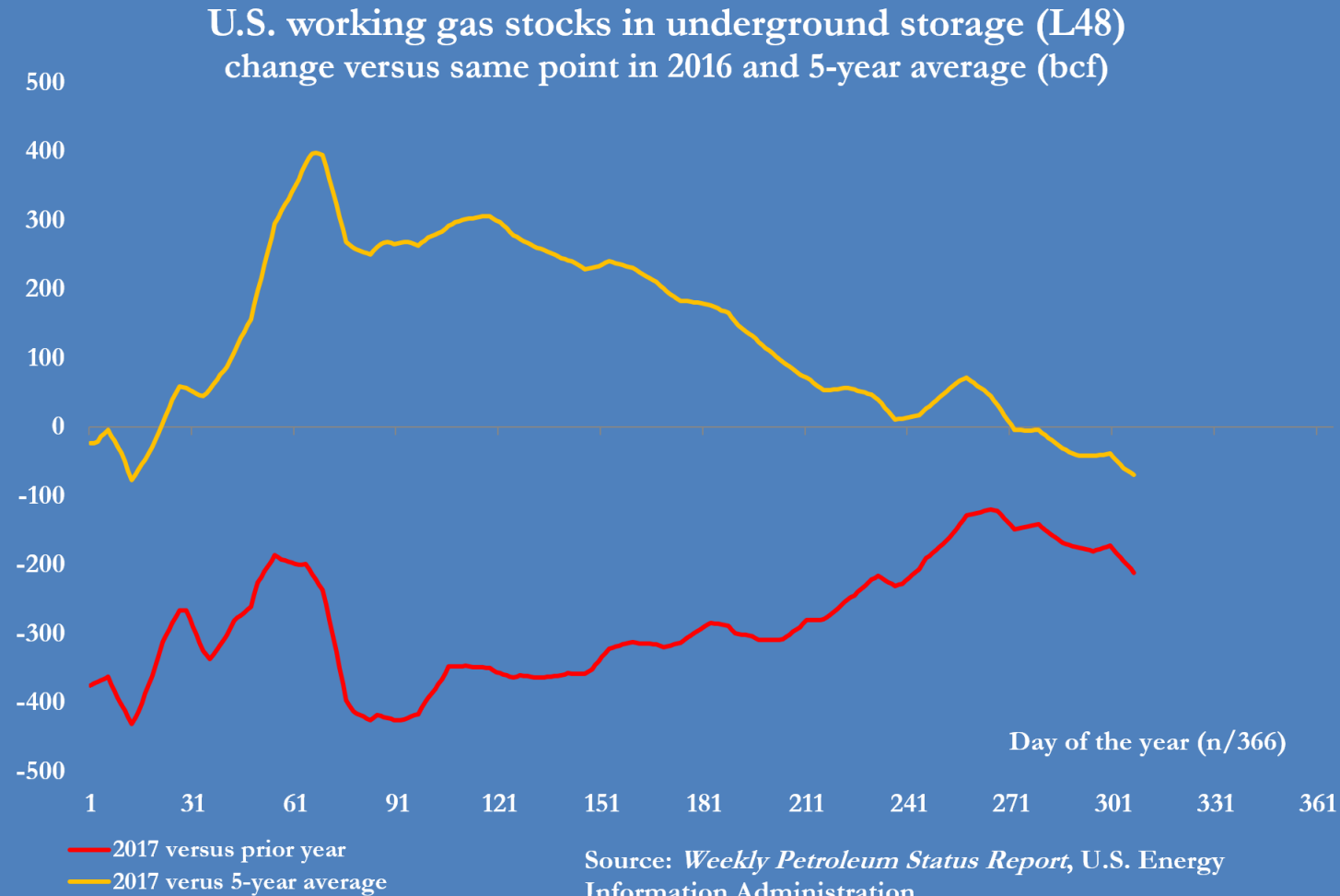
Increase in U.S. natural gas stocks between April 1 and Oct 27 each year between 2010 and 2017



Source: US Energy Information Administration

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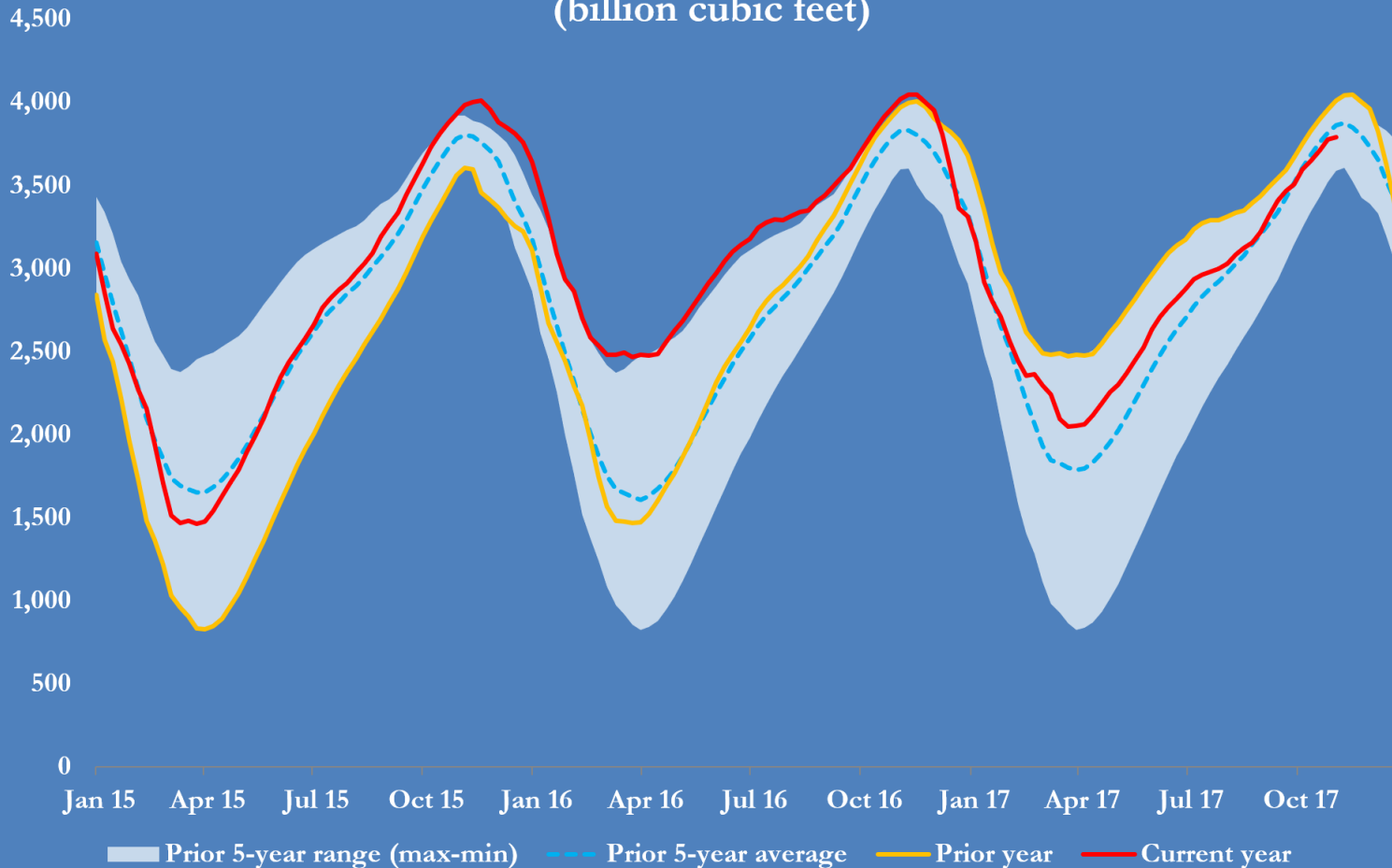
# Gas stocks are now -70 bcf below five-year average compared with +398 bcf above the seasonal average in early March



Source: *Weekly Petroleum Status Report*, U.S. Energy Information Administration  
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# Stocks look somewhat tight given increase in underlying demand compared with prior years from new CCGTs and exports

## U.S. working gas stocks in underground storage (billion cubic feet)

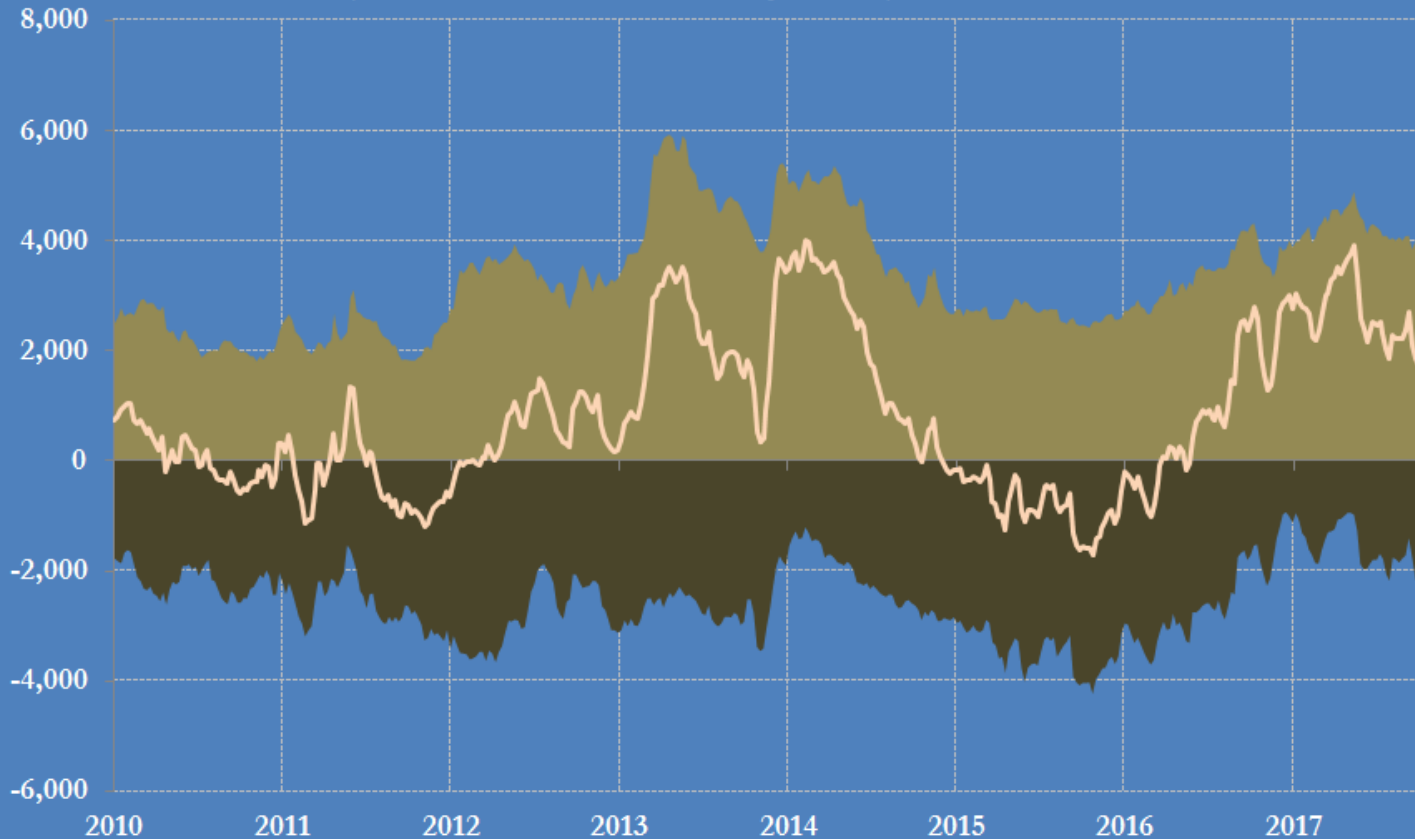


Source: U.S. Energy Information Administration

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# Hedge funds have cut combined net long position in NYMEX+ICE U.S. gas to 1,408 bcf from 2,693 bcf in Sep and 3,919 bcf in May

Money managers' long and short positions in US natural gas futures (NYMEX + ICE Henry Hub) billion cubic feet



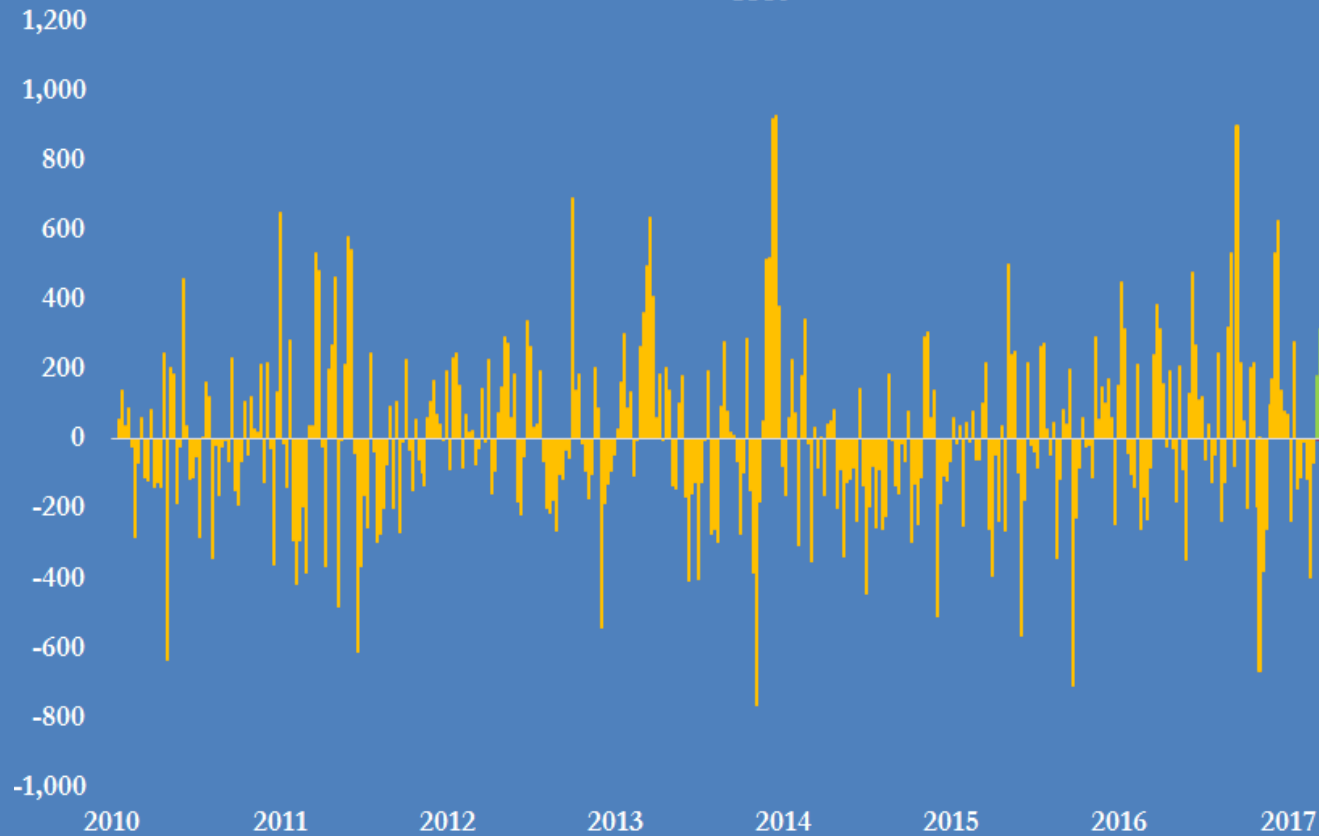
Long positions (billion cubic feet)  
Short positions (billion cubic feet)  
Net position (billion cubic feet)

Source: US Commodity Futures Trading Commission  
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# Hedge funds have cut combined net long position in U.S. gas by -1,285 bcf over last six weeks

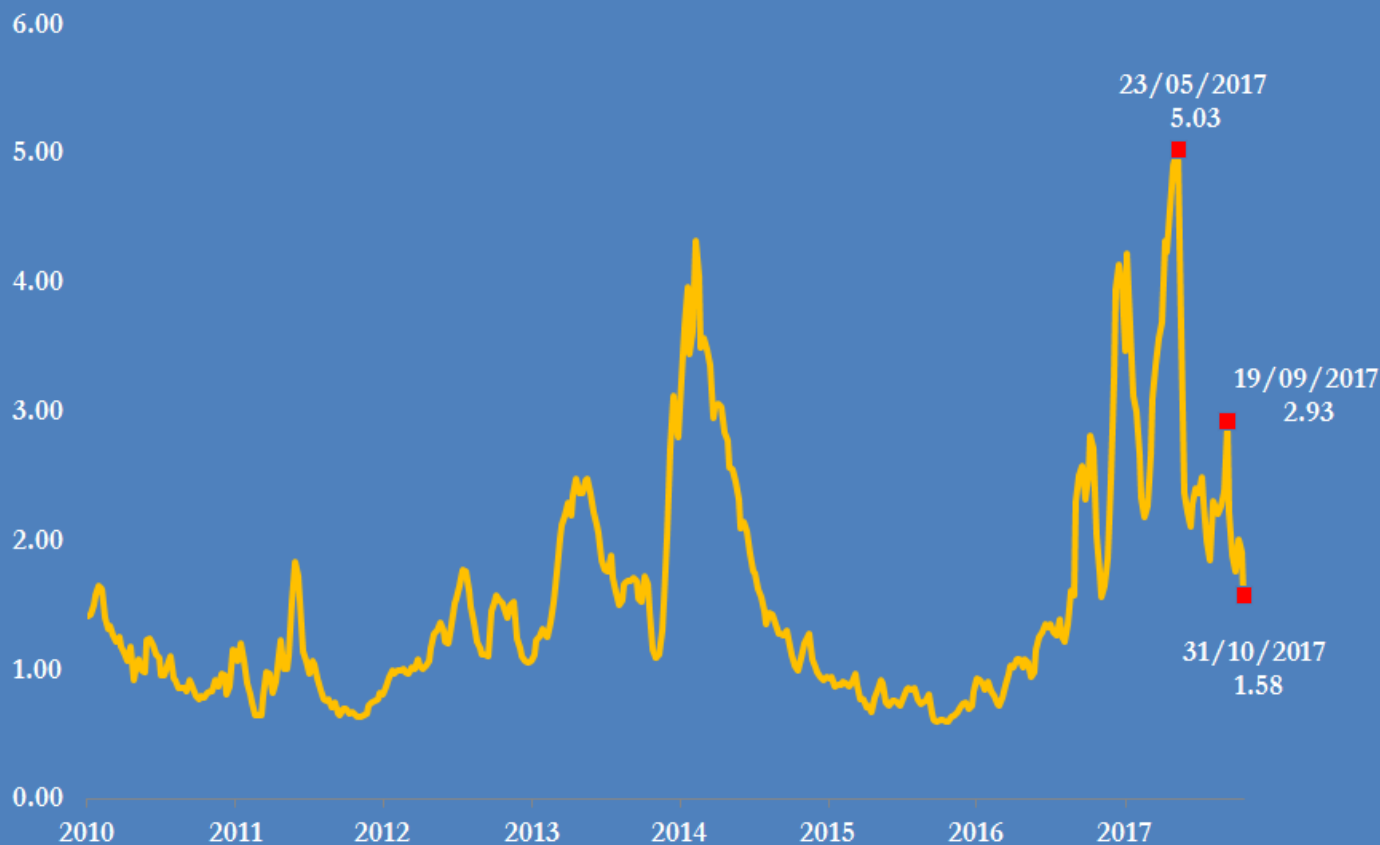
Money managers' net long position in U.S. natural gas  
Combined NYMEX + ICE main contracts, weekly change, billion cubic  
feet



Source: US Commodity Futures Trading Commission  
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Hedge fund ratio of long to short positions in U.S. gas fell to just 1.58 on Nov 3 from a recent high of 2.93 on Sep 19 and 5.03 on May 23

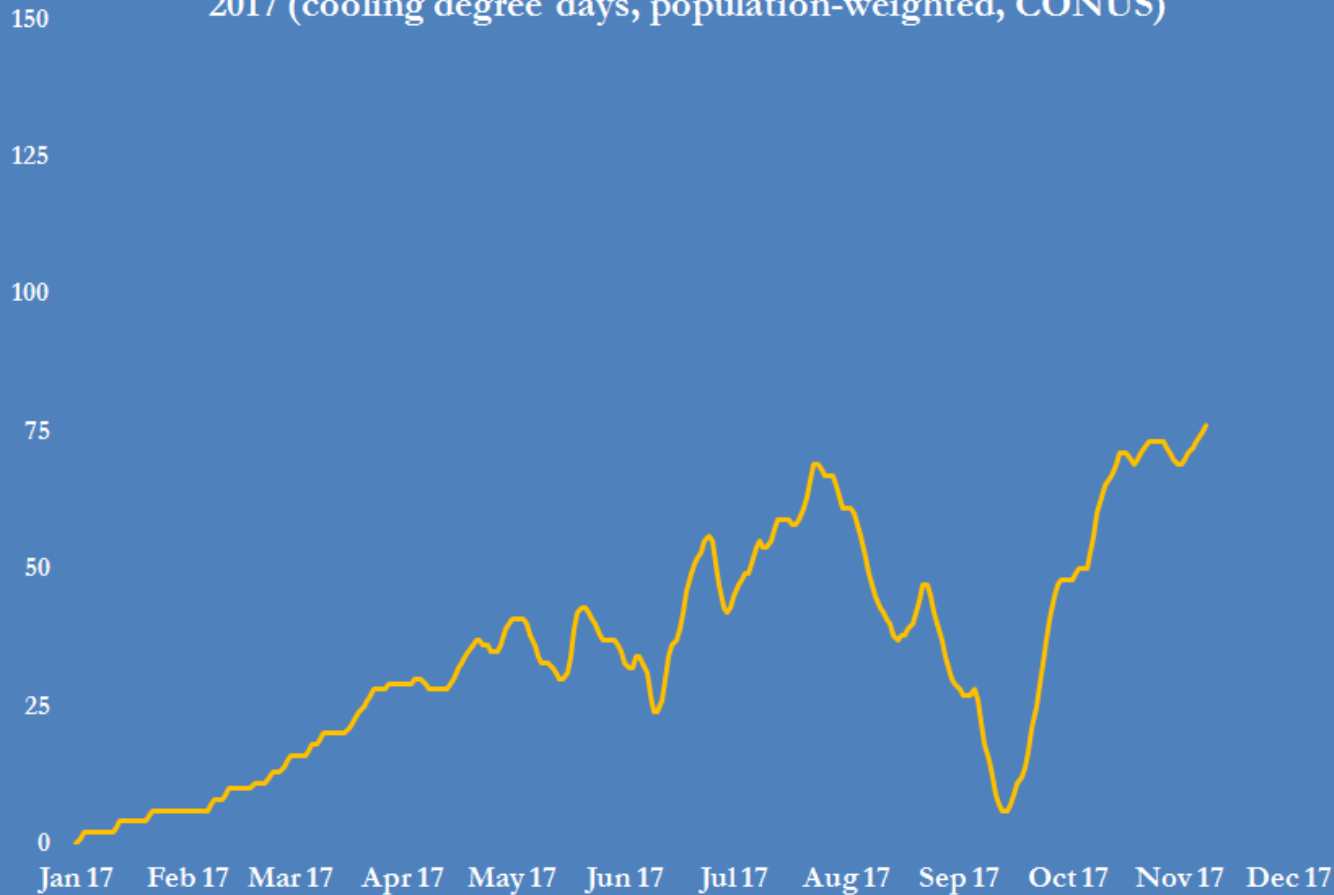
Ratio of money managers' long to short positions in U.S. natural gas (NYMEX +ICE)



Source: US Commodity Futures Trading Commission  
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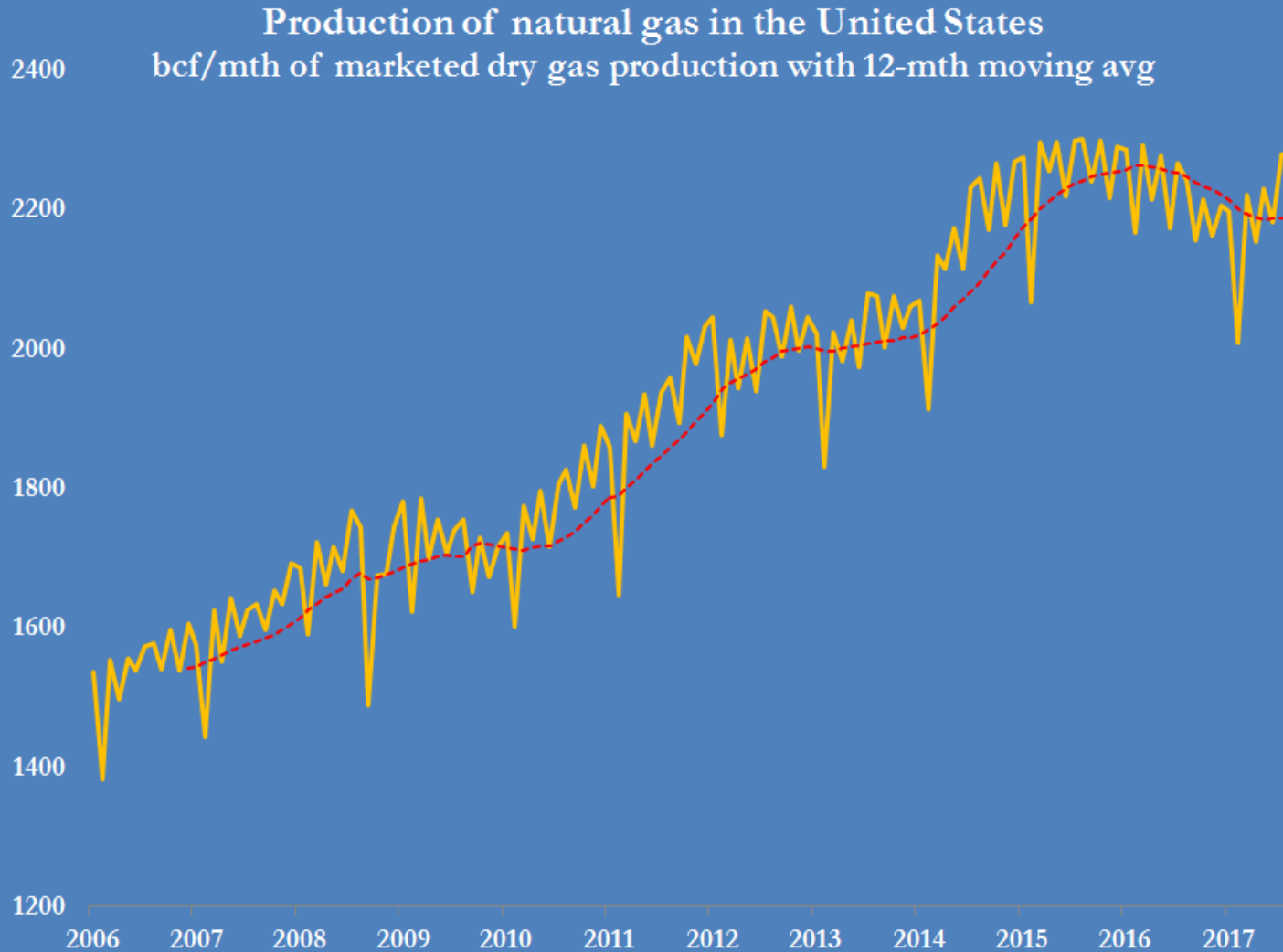
# Warmer than average temperatures in late Sep and early Oct boosted power producers' gas consumption

U.S. cooling demand: cumulative deviation from normal since Jan 1, 2017 (cooling degree days, population-weighted, CONUS)



Source: Climate Prediction Center, US National Oceanic and Atmospheric Administration  
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# Gas production has showed signs of growing again since March 2017

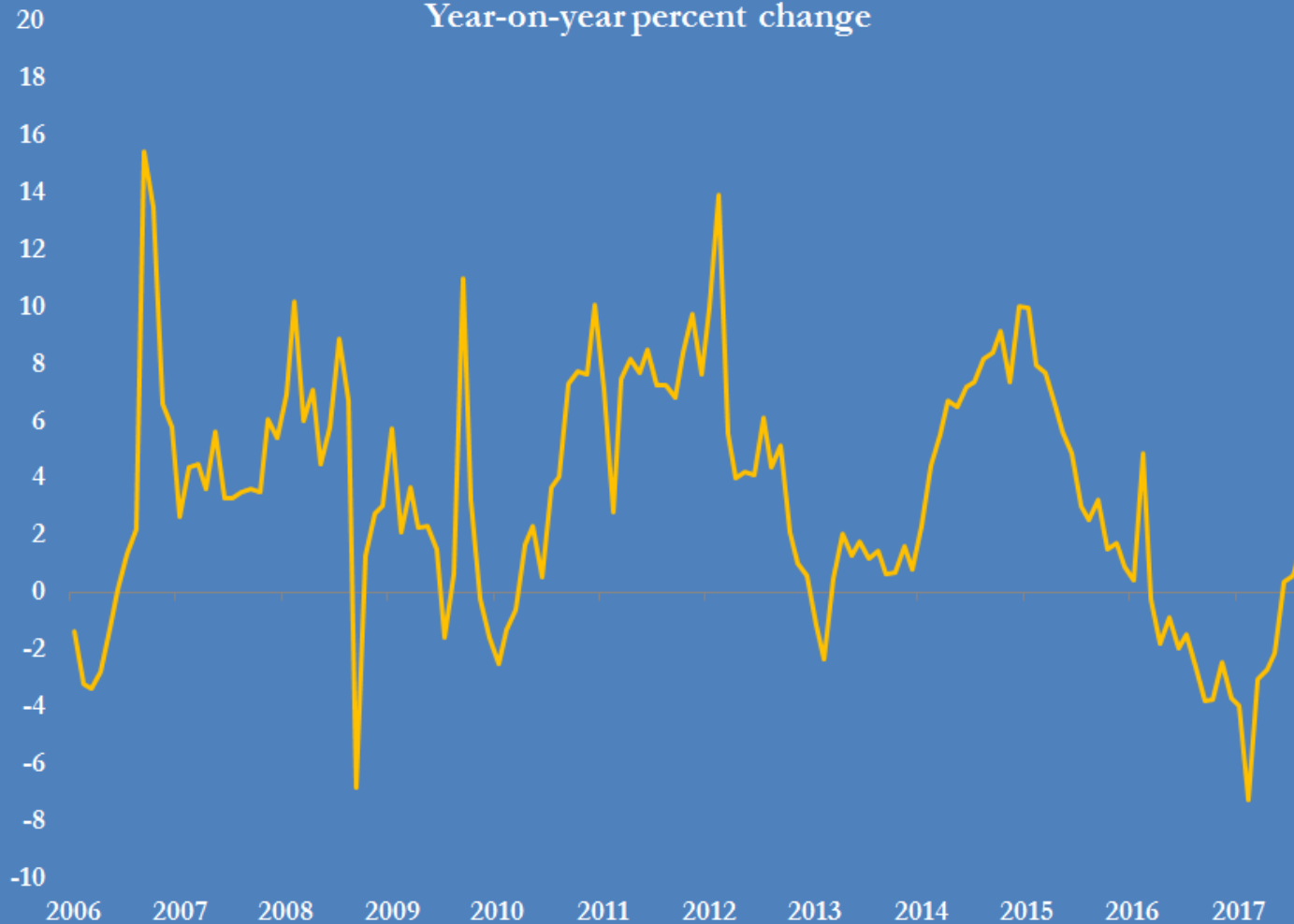


Source: US Energy Information Administration

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But even with the resumption of production growth, gas supplies have not kept pace with consumption and exports

Production of natural gas in the United States  
Year-on-year percent change

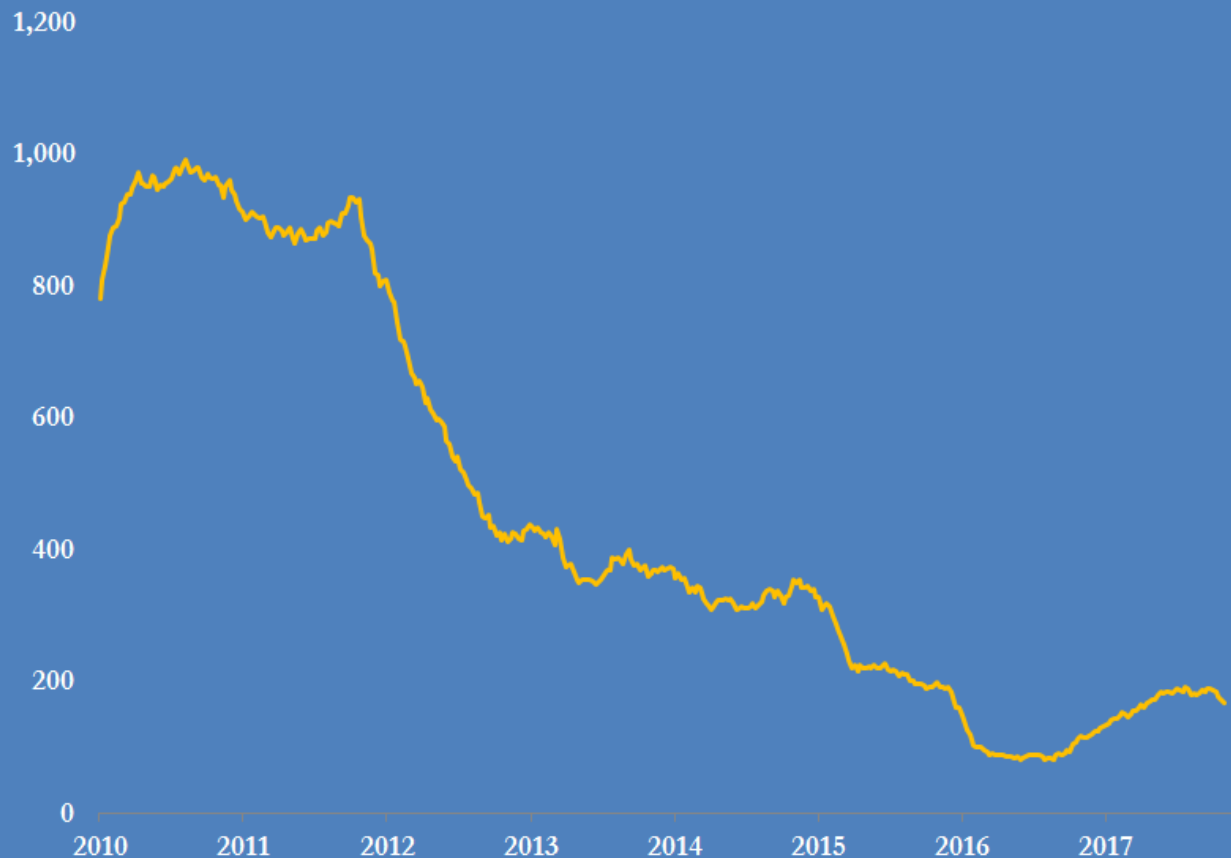


Source: US Energy Information Administration

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Number of rigs drilling for gas has turned down and fallen by -12% since end of Jul in response to the downtrend in prices

Number of rigs drilling for gas in the United States



Source: Baker Hughes

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