

MARKET SUMMARY

BIGGEST FACTORS: COVID-19 & OIL PRICES

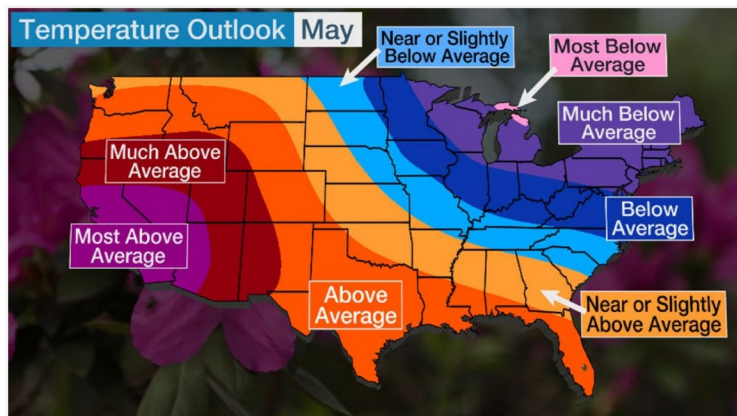
COVID-19 and the collapse of oil prices have reduced both supply and demand for natural gas. Price rallies and volatility have materialized, though not to the degree some would expect.

PROCUREMENT TAKEAWAY

Weather, storage inventories, economic recovery, and public health are the four main drivers in the short term. Long term can be considered a bargain and should be hedged.

WEATHER (BULLISH)

TAKEAWAY - Weather led to early April volatility as forward prices surged for May and summer 2020.



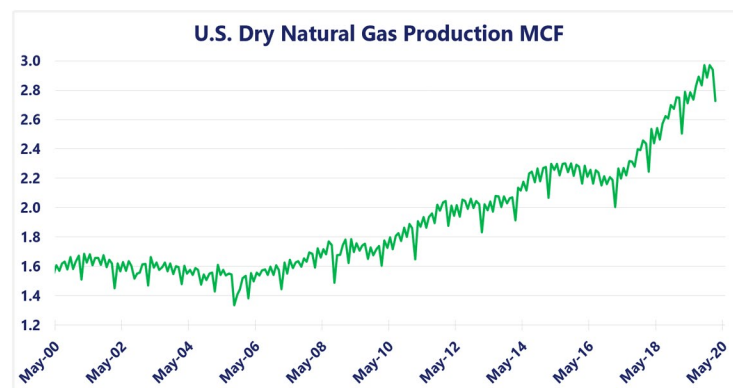
Source: The Weather Channel

Late April saw most spot prices move lower with cool weather lingering as spring begins. However, west coast prices saw gains as warmer than average weather rolled in.

Late April presented decreases followed by a rebound and surge of 6.6% in a matter of days – closing at a new April high and six week peak overall.

PRODUCTION (BULLISH)

TAKEAWAY - Demand has been depressed dramatically and production has dropped as a reaction to the rapid collapse of prices. Early April saw a 1 Bcf/day drop.

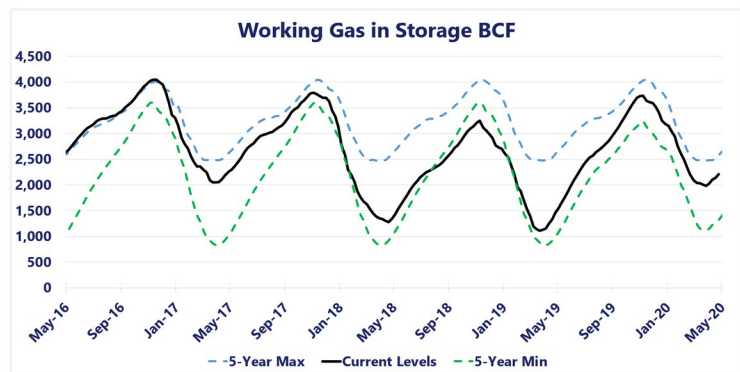


Source: EIA

Late April saw the oil market tailspin and send gas futures higher, only for prices to nosedive the day after.

STORAGE (BEARISH)

TAKEAWAY - Two seasons of relatively mild winters coupled with decreased demand due to COVID-19 have led to strong storage levels.

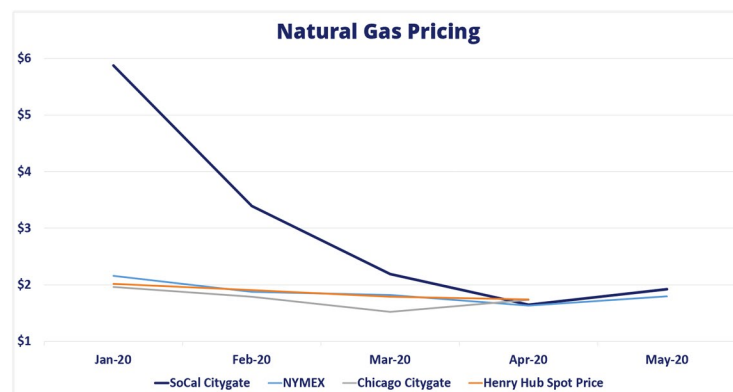


Source: EIA

Current conditions suggest potential for over 4 Tcf of storage in inventories at the end of October/November 2020.

Working natural gas stocks totaled 2,210 Bcf, which is 360 Bcf more than the five-year average and 783 Bcf more than last year at this time.

PRICING



Source: EIA

IN THE NEWS

For the first time in 67 years, total energy exports exceeded imports in 2019. Gas exports were up 29% from 2018 to 2019, continuing a five-year trend of increases with imports falling 5% from 2018.

Ecom-Energy has published a special report on COVID-19's impact to energy markets. It can be viewed by clicking here.