Bullish 53 bcf injection higher than estimates

Winter Algonquin prices continue to be offered, Repsol and GDF physical LNG calls
The EIA reported a 53 bcf storage injection for the week ending August 14, lower than the market estimate of a 59 bcf injection. Front-month Henry Hub was up $0.05 after the number was released at $2.76 and calendar 2016 Henry-Hub was up $0.02 to $3.04. Working gas in storage now sits at 3,030 bcf and is now 488 bcf higher than last year at this time and 80 bcf above the 5-year average. The East region now sits at 1,457 bcf of storage and 59 bcf below the five-year average. Use Markets symbol EIA.TOTAL.US for historic storage numbers.

In our New England Power and Gas Outlook we detailed our bearish view on winter Algonquin gas prices. Over the past month Algonquin continues to be offered with front November-March basis falling $0.45 since July 15 to $6.20 from $6.65. Lower fuel oil prices, lower delivered LNG into storage tanks this winter and the prospect of an oversupplied global LNG market still cause us to believe there is still a lot more downside to prices. Repsol and GDF have also been marketing LNG physical call options to LDC’s and power plants in New England. The marketers are offering firm service for delivery at Dracut (TGP), Beverly (AGT) or Maritimes and Northeast pipeline.

Morningstar Commodities Research
20 August 2015

Jordan Grimes
Sr. Commodities Analyst, Power and Gas
+1 312-244-7046
jordan.grimes@morningstar.com
About Morningstar® Commodities Research

Morningstar Commodities Research provides independent, fundamental research differentiated by a consistent focus on the competitive dynamics in worldwide commodities markets.