
EIA working to base gas reclassification causes low 61 bcf injection

NGL forwards continue to weigh on wet producers

The EIA reported a 61 bcf storage injection for the week ending July 17, lower than market estimate of a 67-71 bcf injection but the implied injection was 68 bcf. Front-month Henry Hub was up $0.02 after the number was released to $2.88 and calendar 2016 Henry-Hub was unchanged at $3.21. But the market soon realized the reclassification and sold off. Working gas in storage now sits at 2,828 bcf and is now 622 bcf higher than last year at this time and 81 bcf above the 5-year average. The East region now sits at 1,276 bcf of storage and 63 bcf below the five-year average. Use Markets symbol EIA.TOTAL.US for historic storage numbers.

Since May 1, 2015 Ethylene, Propylene, and Propane cash and forwards have come off substantially. Calendar 2016 Mt. Belvieu Propylene has fallen $0.10 per gallon to $0.37 per gallon. Calendar 16 Propane has fallen from $0.60 per gallon to $0.48 per gallon during the same time period. Most of this fall is due to increased supply out of the Marcellus and Utica shales that is looking for downstream demand from industrial petrochemical companies. There are about 32 MT/year in projects in the queue through 2020, but any delays could add further pressure to NGL forwards.
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