
Bearish 91 bcf injection

U.S. Exports to Mexico Continue to Ramp Up

The EIA reported a 91 bcf storage injection for the week ending July 3, higher than estimates ranging from 84 to 88. Front-month Henry Hub was down $0.01 after the number was released to $2.66 and calendar 2016 Henry-Hub was down $.01 to $3.10. Working gas in storage now sits at 2,668 bcf and is now 659 bcf higher than last year at this time and 45 bcf above the 5-year average. The East region now sits at 1,178 bcf of storage and 77 bcf below the five-year average. Use Markets symbol EIA.TOTAL.US for historic storage numbers.

Natural gas flows to Mexico via cross-border pipelines continue to ramp up as Mexico’s energy deregulation spurs demand and curbs imports from more expensive LNG. April 2015 U.S. to Mexico flows averaged 2.36 bcf/day, up 474 mmcf/day versus April 2014. We continue to expect increased flows as Net Mexico Phase II, Sierra Lateral Phase II, Waha-San Elizario and Waha-Presidio pipelines come online. We see flows reaching almost 5 bcf a day by 2020.
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