



Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an **injection of 65Bcf** (billion cubic feet) into Underground Storage for the week ending November 2nd, 2018.

This is 7Bcf above the median forecast of a 58Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection compares with +15 Bcf last year and +48 Bcf for the five-year average. Storage is **580Bcf below last year** for the same week and **621Bcf below the 5-year average**. Working gas in storage stands at 3,208Bcf.

Reuters - U.S. natural gas prices have jumped to their highest in nine months as forecast cold weather across much of the country has reminded traders of the risks posed by low gas inventories going into winter. Gas stocks have fallen well below the five-year range since the summer and are now at the lowest level for the time of year since 2003, according to data compiled by the U.S. Energy Information Administration.

Until the past few days, traders appeared unconcerned about low inventories because output is growing rapidly and the development of El Niño over the Pacific should lead to a warm winter over the northern part of the country. But the much colder than normal temperatures forecast across much of the United States in the next fortnight are a reminder that El Niño is not the only influence on weather and heating demand.

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Crude Oil Pricing

As of 10:01AM CST, December, 2018, (the prompt month) Light, Sweet Crude on the NYMEX was at **\$61.10**, **-\$3.91** from one week ago.

U.S. Petroleum Balance Sheet, Week Ending 11/2/2018

Petroleum Stocks (Million Barrels)	Current Week	
	11/2/18	10/26/18
Crude Oil	1,086.5	1,080.9
Commercial (Excluding SPR) ¹	431.8	426.0
Strategic Petroleum Reserve (SPR) ²	654.7	654.9
Total Motor Gasoline ³	228.0	226.2
Reformulated	0.0	0.0
Conventional	23.7	24.2
Blending Components	204.3	202.0
Fuel Ethanol	23.2	22.7
Kerosene-Type Jet Fuel	42.3	42.8
Distillate Fuel Oil ³	122.9	126.3
15 ppm sulfur and Under ³	107.8	111.1
> 15 ppm to 500 ppm sulfur	4.8	4.8
> 500 ppm sulfur	10.3	10.5
Residual Fuel Oil	29.7	28.7
Propane/Propylene	84.5	83.0
Other Oils ⁴	291.1	292.8
Unfinished Oils	93.2	92.6
Total Stocks (Including SPR) ^{2,3}	1,908.1	1,903.5
Total Stocks (Excluding SPR) ³	1,253.4	1,248.6

Natural Gas Pricing

As of 10:00AM CST, December 2018, (the prompt month) Natural Gas was trading at \$3.52, +\$0.28 from one week ago and the 1-Year Spread average was \$2.96, +\$0.11 from one week ago.

Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EST)	2 DAY
CL1.COM WTI Crude Oil (Nymex)	USD/bbl	61.38	-0.29	-0.47%	Dec 2018	10:25 AM	
CO1.COM Brent Crude (ICE)	USD/bbl	71.77	-0.30	-0.42%	Jan 2019	10:25 AM	
CF1.COM Crude Oil (Tokyo)	JPY/kl	48,700.00	-10.00	-0.22%	Apr 2019	10:30 AM	
NG1.COM Natural Gas (Nymex)	USD/MMBtu	3.54	-0.01	-0.34%	Dec 2018	10:25 AM	

Crude Oil Inventory

US crude inventories increased by **5.8 million barrels** to 431.8 million barrels for the week ended November 2nd, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected an increase of 2.4 million barrels.

U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were unchanged at 193 for the week of November 2nd. The number of rigs currently drilling for Natural Gas was +24 from last year. US Rigs drilling for oil were -1 at 874. There are 145 more rigs targeting oil than last year. Canadian rigs were -2 at 198 for the week. Rigs targeting oil remain 82% of all US drilling activity.

North American Rig Count	11/02/2018			10/26/2018		11/03/2017		Change		Percent Change	
	11/02/2018	10/26/2018	11/03/2017	Weekly	Annual	Weekly	Annual	Weekly	Annual		
Total U.S.	1,067	1,068	898	(1)	169	-0.1%	18.8%				
Offshore	18	19	18	(1)	0	-5.3%	0.0%				
Land	1,049	1,049	880	0	169	0.0%	19.2%				
Inland Waters	3	3	1	0	2	0.0%	200.0%				
Oil	874	875	729	(1)	145	-0.1%	19.9%				
Percent	81.9%	81.9%	81.2%	-0.0%	0.7%						
Gas	193	193	169	0	24	0.0%	14.2%				
Percent	18.1%	18.1%	18.8%	0.0%	-0.7%						
Directional	73	73	73	0	0	0.0%	0.0%				
Horizontal	929	927	764	2	165	0.2%	21.6%				
Vertical	65	68	61	-3	4	-4.4%	6.6%				
Gulf of Mexico	18	18	18	0	0	0.0%	0.0%				
Gulf Oil	13	13	16	0	-3	0.0%	-18.8%				
Percent	72.2%	72.2%	88.9%	0.0%	-16.7%						
Gulf Gas	5	5	2	0	3	0.0%	150.0%				
Percent	27.8%	27.8%	11.1%	0.0%	16.7%						
Canada	198	200	192	(2)	6	-1.0%	3.1%				
Oil	121	124	100	(3)	21	-2.4%	21.0%				
Percent	61.1%	62.0%	52.1%	-0.9%	9.0%						
Gas	77	76	91	1	(14)	1.3%	-15.4%				
Percent	38.9%	38.0%	47.4%	0.9%	-8.5%						
North America	1,265	1,268	1,090	(3)	175	-0.2%	16.1%				
Prices											
Oil \$/bbl.	\$66.17	\$67.52	\$54.59	(\$1.36)	\$11.57	-2.0%	21.2%				
Oil \$/mmbtu	\$11.41	\$11.64	\$9.41	(\$0.23)	\$2.00	-2.0%	21.2%				
Gas \$/mmbtu	\$3.18	\$3.16	\$2.77	\$0.02	\$0.41	0.7%	14.8%				



Geopolitical

Iranian Oil Sanctions: Myths and Realities of U.S. Energy Independence: Renewed U.S. sanctions against Iranian oil exports kick in officially this week as part of the Trump administration's decision to exit the Iranian nuclear deal. Estimations on how effective the sanctions have been is a relatively messy affair to date. Iran is expected to lose between 1 million to 1.5 million barrels a day in oil sales to Europe, Japan, South Korea, and India, with speculation that some of that oil might wind up instead in China or being repurposed in barter trade with Russia.

Weather

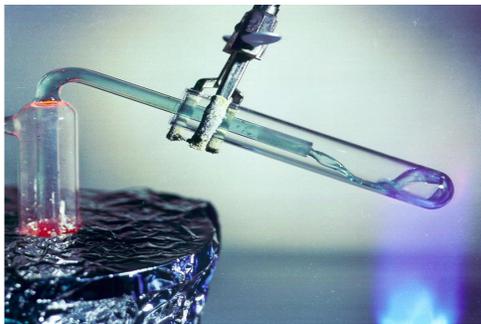
The AccuWeather 1-5 day Outlook forecasts below-normal temps for all of the US except for New England, California and Florida. The 6-10 Day Outlook forecasts the Eastern 3/5 of the country at below-normal temps with the West at either normal or above normal temperatures.

11-15 Day Outlook forecasts most of the country at normal temps with parts of the West at above-normal temps and below-normal temps for the Northeast and much of the Southeast. The 30-day Outlook projects normal temps for almost all of the US.

On Tuesday, the U.S. government officially confirmed it was handing out temporary waivers to several of the countries that had previously announced intentions to go to zero purchases from Iran. Snatching defeat from the jaws of victory, the announcement, aimed to keep oil markets from overheating, calls into question the ultimate effectiveness of the Trump Iranian sanctions project overall. Worse still, it has simultaneously laid bare the fact that President Donald Trump, like...

The 90-Day Outlook shows normal temps for the entire country. There is no tropical storm activity in the Atlantic Ocean at this time.

Significant precipitation is expected throughout much of the US this week, with the exception of the Southwest. Early moderate snowfall is expected in the Great Lakes area, travelling as far south as Kansas & Missouri and East into parts of New England.



Sustainability and Renewables

Is Thorium the Fuel of the Future to Revitalize Nuclear? Nuclear energy produces carbon-free electricity, and the United States has used nuclear energy for decades to generate baseline power. Nuclear energy, however, carries a dreaded stigma. After disasters such as Chernobyl, Three Mile Island, and Fukushima, the public is acutely aware of the potential, though misguided, dangers of nuclear energy. The cost of nuclear generation is on the rise—a stark contrast to the decreasing costs of alternative energy forms such as solar and wind, which have gained an immense amount of popularity recently.



This Week's Key Take-Away

As the winter heating season begins with a huge deficit vs. last year, the forecast for the upcoming cold pattern has made any further recovery for Natural Gas inventories unlikely. It's also erasing from memory any forecasts for a delayed winter. An earlier cold snap can be more bullish than a later cold system so storage is vulnerable at this time. Early snow also affects traders as technical issues push them to become bullish. After surging Monday and inching higher on Tuesday, natural gas futures have been moving mostly sideways as weather forecasts offered mixed signals as to what to expect from heating demand after the first

This trend could continue until market forces make nuclear technology obsolete. Into this dynamic comes a resurgence in nuclear technology: liquid fluoride thorium reactors, or LFTRs (“lifters”). A LFTR is a type of molten salt reactor, significantly safer than a typical nuclear reactor. LFTRs use a combination of thorium (a common element widely found in the earth) and fluoride salts to power a reactor...

serious cold snap of the season passes around November 22nd.

Prices surged this week, as Natural Gas prices jumped as much as \$0.28. Speculators should note that prices rose sharply because the shift in the weather pattern caught short-sellers by surprise. The weather continues to drive volatility, but it works both ways. A bigger than expected injection this week combined with a reversal in the weather pattern could keep a lid on prices and even drive them back to last week’s levels fairly quickly.

Next Day On-Peak Power (traded for 11/8/2018)		
ISO-NE Mass Hub \$37.26	MISO Indiana Hub \$40.83	NYISO Zone G \$36.93
PJM West Hub \$40.95	ERCOT North \$33.40	CAISO SP15 \$45.00



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