

Volume 626 September 1, 2016

Market- September natural gas futures expired Monday at \$.2853 per therm; October is now the front month. Prices traded higher this week and but are trading lower today after the storage report was an injection into storage greater than expected. Upward pressure results from the hot weather causing more gas to be used for electric generation and Tropical Storm Hermine entering the Gulf. Downward pressure results from storage levels above last year and above the five year average. Additional upward pressure on natural gas prices results from exported liquefied natural gas (LNG). Rig counts for both traditional and horizontal have dropped significantly over the last 2 years indicating increased production from fewer wells and continued ample supply of natural gas. Natural gas storage inventories are much higher than last year and much higher than the five-year average as seen on the graph to the right. The US gas traditional rotary rig count decreased 2 rigs and horizontal drilling decreased 3 rigs. Natural gas is very attractive to fix at this time for the winter and long term.

The Crude oil price for October is lower this week at \$43.48 per barrel. Heating oil is lower at \$1.38 per gal. Unleaded gasoline futures are lower this week at \$1.28 and gasoline at the pump is around \$2.19...in Indiana. The natural gas storage report this week was an injection of **51BCF**; storage is **238BCF higher** than last year and **334BCF higher** than the 5 year average.



Above Graph—Oct 2016 NYMEX gas futures

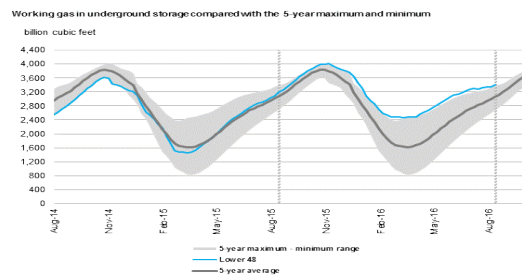
Extended Temperature Forecast: Chicago Area

| | THU | FRI | SAT | SUN | MON |
|-------------|-----|-----|-----|-----|-----|
| High | 72 | 72 | 76 | 81 | 86 |
| Low | 60 | 59 | 60 | 67 | 71 |

Storage Statistics: (BCF) Billion Cubic Ft

| This Week | Last Year | 5 Year Ave. |
|-----------|-----------|-------------|
| 3,401 | 3,163 | 3,067 |

The total is an increase of 51 BCF from last week.



Source: U.S. Energy Information Administration

Above Graph - Storage levels as of 9-1-16

Comparative Fuels: Futures Prices for Oct

| | Price | Compared to Nat Gas |
|---------------------|----------------|---------------------|
| Natural Gas (therm) | \$2.796 | \$2.796 |
| Propane (gal) | \$4.75 | \$5.459 |
| Crude Oil (barrel) | \$43.48 | |
| Heating Oil (gal) | \$1.38 | \$9.850 |
| Unleaded Gas (gal) | \$1.28 | |

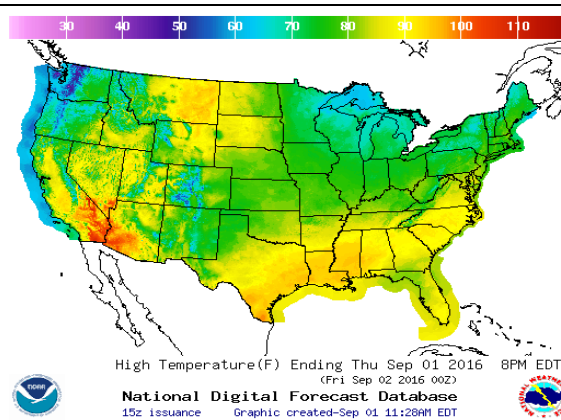
North American Traditional Nat. Gas Rig Count:

| | |
|--------------------|-----|
| This week | 81 |
| Last week | 83 |
| Year Ago this week | 202 |

US Horizontal Rig Count:

| | |
|--------------------|-----|
| This week | 379 |
| Last week | 382 |
| Year Ago this week | 672 |

NGI Chicago for August 2016 \$2.670



High Temperature (F) Ending Thu Sep 01 2016 8PM EDT (F1 Sep 02 2016 00Z)
National Digital Forecast Database
15z issuance Graphic created-Sep 01 11:26AM EDT