

## Gas Daily (12-Oct-16)

### Tight gas supplies seen impacting winter prices

ANALYSIS US natural gas price volatility may increase next year amid tightening supplies heading into the traditionally high demand winter period.

Month to date, US production has averaged just 69.8 Bcf/d and is down over 2% from September when producers turned out an average 71.3 Bcf/d, data from Platts Analytics' Bentek Energy show. Meanwhile, futures prices on the NYMEX climbed to near a 22-month high Monday settling at \$3.275/MMBtu, following the recent slide in output and shifting market perceptions about winter gas supply.

Weather will be a driving factor in the continued price volatility. At an LDC Gas Forums conference in Denver on Tuesday, Jim Duncan, chief analyst and commodity market strategist at gas producer ConocoPhillips, said his projections call for a "half-a-vortex" winter for 2016-2017. He was referring to the Arctic air blast known as the Polar Vortex that caused a surge in gas demand during the 2013-2014 winter and raised fears of power shortages.

"Sixteen percent is the number. That's how much colder winters are following an extremely warm, especially El Niño winter," Duncan said.