

## Can natural gas prices break out?



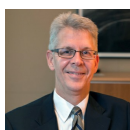
Michael W. Wise | Monday, February 13, 2017

The topic of natural gas pricing is one that's closely watched throughout the energy sector. While prices have sagged since early 2014, there have been signs of a rebound recently. John Funk of the *Cleveland Plain Dealer* recently [reported](#) on Dominion's retail pricing and opined on natural gas pricing in general. From his article:

Natural gas prices have been mostly trending higher since March 2016 when the contract price set on the New York Mercantile Exchange closed at \$1.71 per Mcf. The slow price climb out of that basement has occurred even in Ohio where a multi-year glut of gas has kept prices below national NYMEX prices. The price increases reflect a deep cutback in the number of drilling rigs and simultaneous new demand from gas-fired power plants, increased gas exports to Mexico, as well as the first gas liquefaction plants. Those plants convert gas to a liquid for shipping overseas, where prices are much higher. These developments have reduced the amount of gas in storage for winter use. The latest report from the U.S. Energy Information Administration this past Wednesday shows total gas in storage down 11 percent from year-ago levels despite what has been, overall, a mild winter.

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The recovery in natural gas prices is promising for economic activity in the three state Appalachian Basin. We are seeing nice activity throughout the oil and gas supply chain – hopefully we are entering a new phase of robust growth. A nice cold snap to end the winter would be the ideal way to enter the second quarter and continue these promising trends.



**Michael W. Wise**

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