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The Power of Missing Data Over U.S. Natural Gas Trading: BNEF

- Delayed flow postings probably caused Monday's volatility
- U.S. production estimates down again Tuesday on missing data

By Laurent Key

(BloombergNEF) -- We are suspicious that the drop to and rebound from intraday lows on the Nymex natural gas August contract Monday were caused by missing samples followed by cycle revisions on Transcontinental Pipeline's Electronic Bulletin Board (EBB). During the first part of the day, Williams had an issue with its posting mechanism and reported zero MMcfd delivered to Sabine Pass, as well as a drop of 4 Bcfd in production receipts.

Trading machines are calibrated for volatility in production data and may not have reacted to the supply drop. However, with this summer's anxiety on the health of LNG export demand, it's possible that trading shops that don't specialize in gas had calibrated on LNG flows and took the raw numbers as a bearish signal.

It's a surprise that it took four hours for the true cause of the drop in demand, which was mentioned in this column Monday, to spread through the market. In the end, prices only started rebounding after Williams fixed its EBB and posted revisions in the afternoon cycles.

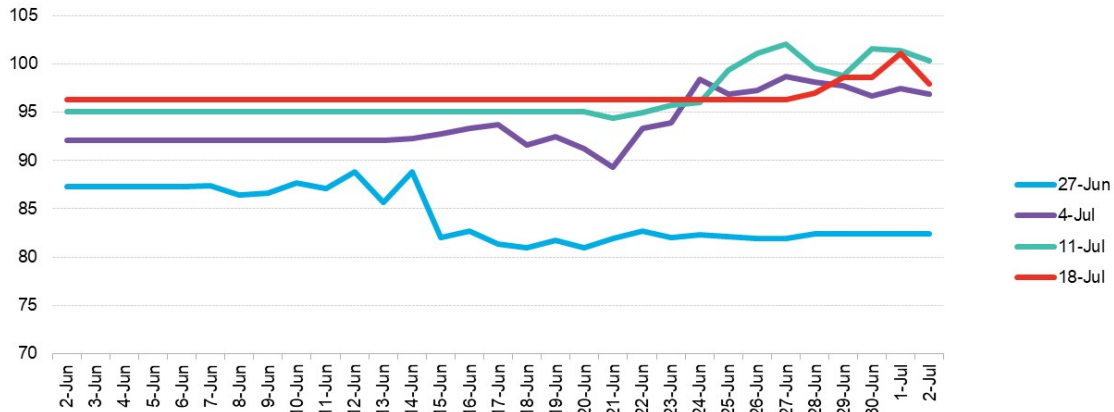
Again today, lack of samples affects our U.S. natural gas production estimate. But this time, the issue comes from multiple pipelines for which our vendor has not managed to scrape volumes. Missing production samples total a whopping 5 Bcfd today, while BloombergNEF's raw output model is down 6 Bcfd day-on-day. All in all, natural gas production should be reported only down 1 Bcfd, at 85.2 Bcfd, with the biggest declines experienced in Pennsylvania.

Exports to Mexico are monitored down a total 700 MMcfd today, despite the return of 132 MMcfd of volumes on Sur de Texas over the past two days. This drop should also be revised up in later cycles. Nominations on Sistrangas tend to always be underestimated in the early part of the day.

Weather

Weekly Cooling Degree Day Historical Forecasts - ECMWF Ensembles

EIA reference and next three weeks



Source: BloombergNEF, WSI

Cooling Degree Days (CDD):

- July ECMWF ensembles + 10-year average: 433 (-5 versus the July 1's OZ run)
- July GFS ensembles + 10-year average: 451 (+6 versus the July 1's OZ run)

Storage Forecast

Monitoring of storage facilities sample injections and withdrawals + weather extrapolation – (Bcf):

- Week ending June 28: +83 versus +82 on Monday.
- Week ending July 5: +75 versus +73 on Monday.

Production

U.S. natural gas production noticeable sample changes versus previous working day (all data in MMcf/d):

- DJ-Niobrara, -218:
 - -181 in Colorado: -145 on CIG.
- Gulf Coast Onshore, -160:
 - -162 in Louisiana: -63 on Transco.
- Marcellus-Utica -510:
 - -460 in Pennsylvania: -188 on EQT, -151 on TGP, -87 on Transco.
- Mississippian-Lime, -109:
 - -69 in Kansas: -30 on Panhandle.
- Permian, -97:
 - -89 in New Mexico: -41 on Transwestern, -31 on NNG.

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All samples can be found in NGAS.

See more research and analysis from BNEF [here](#).

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