

# Natural Gas Market Update

November 2023



## Pricing Outlook

Over the past month, NYMEX forwards have displayed consistently high volatility, and this trend is anticipated to continue. The NYMEX December contract started the month at \$3.50 and has now dipped to lows of \$3.04 within the first ten days. Headed into the heating season, the U.S. Energy Information Administration (EIA) forecasts the highest U.S. natural gas inventory entering winter since 2020, despite lower-than-average injections in July, August and September. Gas in underground storage will total 3.85 Tcf at the end of October, which is 6% above the five-year average, the agency said. With substantial injections expected to be reported in the first week of November, we anticipate the NYMEX to continue experiencing dramatic price swings.

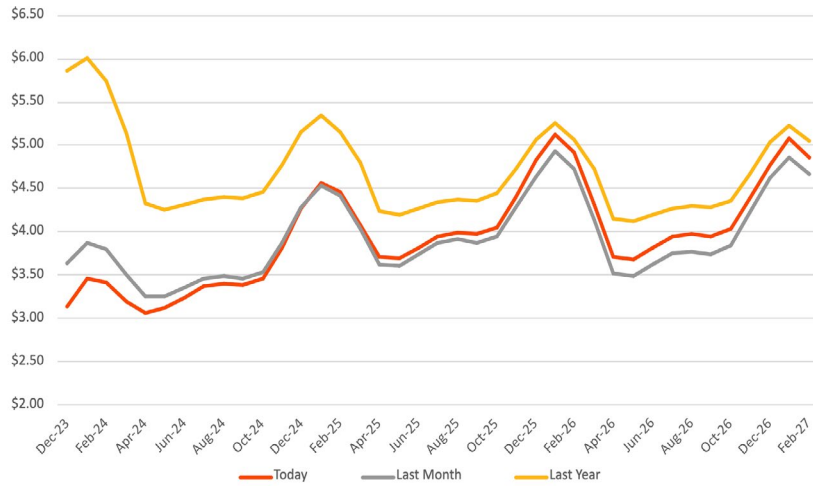
## In The News

Total natural gas consumption in the U.S. rose 16.1% in the week ending Nov. 1. This increase followed higher residential and commercial sector demand, which was driven by cooler weather in the Northeast and Midwest, the EIA said in its "Natural Gas Weekly Update" released Nov. 2.

Cheniere Energy Inc. is on track to potentially commence LNG production by the end of 2024 through the midscale expansion of its Corpus Christi export terminal. Construction of the Texas facilities is progressing ahead of schedule, as stated by company executives. Cheniere aims to complete the initial expansion facilities in 2025 and plans to have the entire seven-train midscale project operational by the close of 2026. The expansion project, boasting a final capacity of around 10 million metric tons per year, is approximately 44% complete.

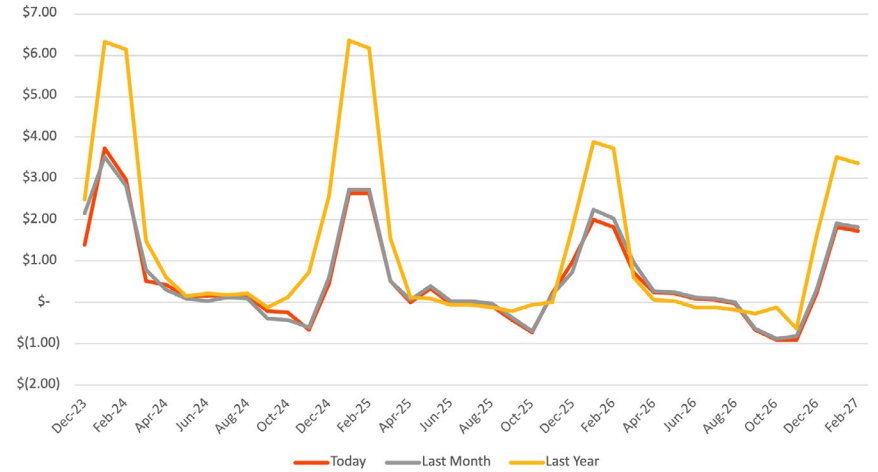
On Oct. 27, U.S. energy regulators granted approval for Freeport LNG Development LP to initiate the commissioning of facilities necessary to resume operations at the second LNG loading dock of its Texas export terminal. This dock has been offline since the facility emerged from an extended outage in February.

## NYMEX Forwards



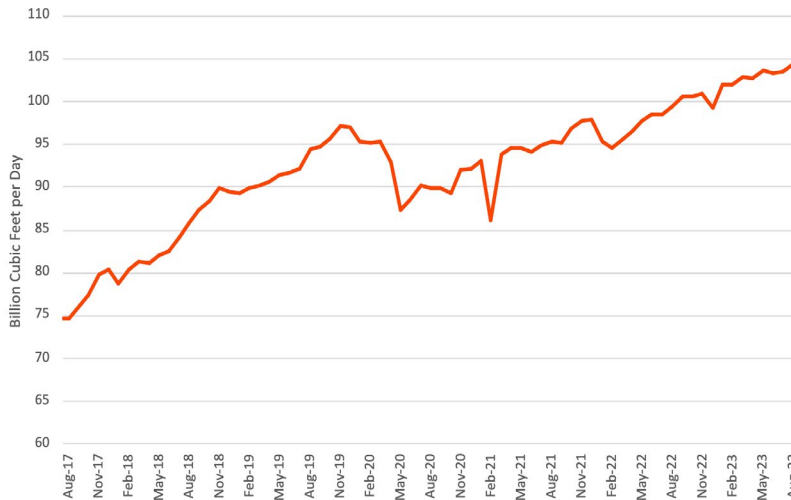
All eyes are on weather as we head into the core of winter. The latest STEO 95% confidence interval estimates from the EIA have Winter 2023-2024 futures rangebound between \$1.68 and \$6.89 based on current market volatility.

## Basis Forwards



The long-term Transco Zone 5 basis continues to drop based on the market's expectations of changing flows in the region, with Mountain Valley Pipeline coming online in early 2024.

## U.S. Dry Gas Production



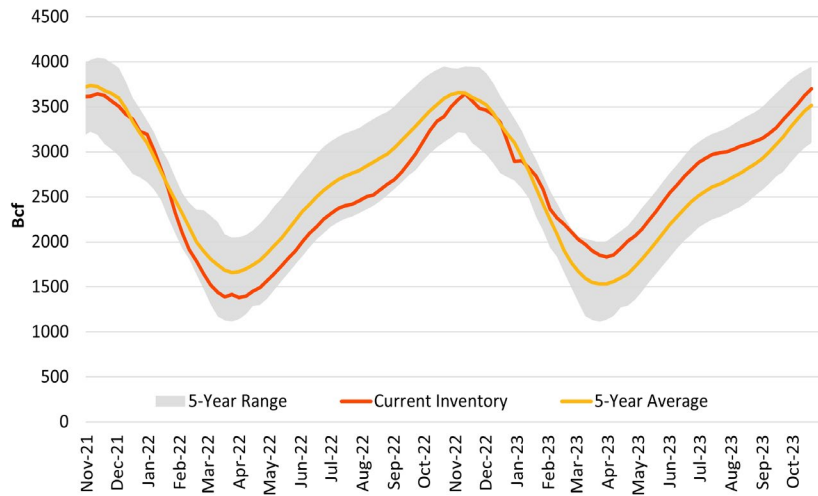
To repeat the current trend, production has once again set a record (104 Bcf/d) in this continued low-price environment.

## NYMEX Prompt History



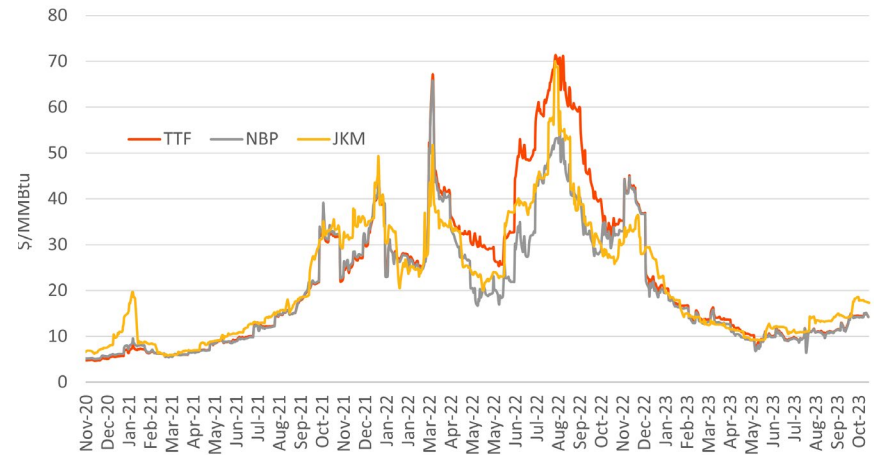
The upward trend of 2023 continues, and some market resistance and volatility have caused recent spikes/drops of 40 cents.

## Nationwide Storage Inventory



The traditional injection season has ended with current inventory in line with the five-year average. The first expected withdrawal of the season should be reported this week.

## Global LNG Prices



Global LNG prompt month prices are starting to rise as winter demand begins and uncertainty in where supply will be sourced from.

## News From Gas South

Gas South is proud to have launched our latest project with D.C.-based Sol Systems to support renewable energy education and bring STEM programs to underserved communities in Georgia. We're investing \$300,000 in two incredible partners: Gwinnett County Public Schools (GCPS) and KidWind, an international leader in clean energy education.

The funding enables schools to develop renewable energy-specific learning tools and resources, train teachers, engage students, and work toward becoming STEM certified. It also brings KidWind educator training and curriculum to Georgia for the first time, which will allow students to apply their learning to solve real-world problems, participate in student energy competitions, and expedite potential career pathways in the renewable energy industry.

Cultivating a connection between energy and education has been a wonderful extension of our partnership with Sol Systems. Already, we've invested \$12 million in eight residential community solar projects, which provide energy to more than 2,600 homes. Check out [this video](#) to learn more.