

Natural Gas Market Update

February 2024



Pricing Outlook

This winter's unpredictable weather has been reflected in the month's pricing outlook. The January 2024 NYMEX contract expired at \$2.62/MMBtu, and Henry Hub cash traded close to that level for the first half of January. Then, the extreme cold beginning on MLK weekend that affected central states and into the Southeast U.S. caused production disruptions and high demand, which resulted in a spike in the cash market to nearly \$13/MMBtu. While the cash market did retain a modest premium for most of the second half of January, the retreat of the cold and forecasts of mild weather for the start of February led to decreasing cash and NYMEX prices. Ultimately, the February 2024 NYMEX expired at **\$2.49/MMBtu**. Gas prices continued lower in February due to mild weather in the eastern U.S., both forecasted and actual, with Henry Hub cash market prices below \$2.00/MMBtu and the March 2024 NYMEX price below \$1.90/MMBtu.

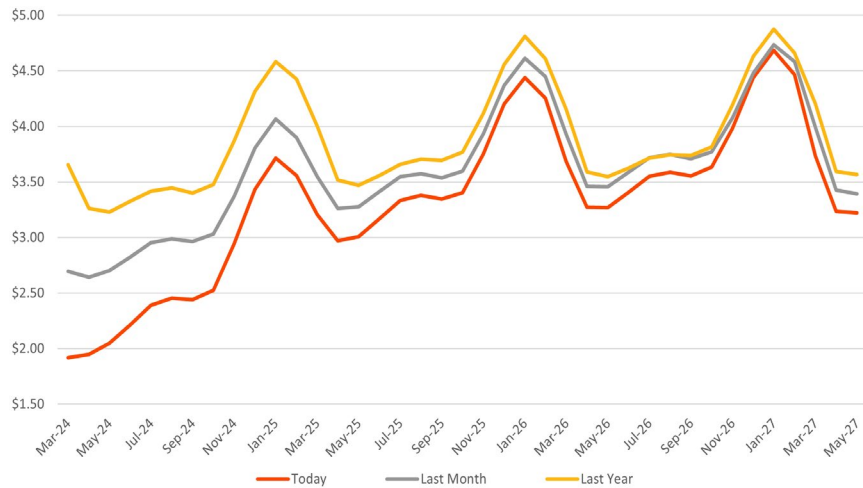
Here's a glimpse at the other fundamentals we're watching:

- Demand for natural gas remains at near-record levels in the U.S., led by the power sector's transition from coal-fired generation.
- Low domestic prices contributed to strong demand for LNG exports, despite LNG prices in Europe and Asia being down more than 50% from year-ago levels.
- On January 16, 2024, estimates from S&P Global Commodity Insights reflect a single-day record natural gas consumption of 141.5 Bcf, more than 2.5% higher than the previous record set on December 23, 2022.

In The News

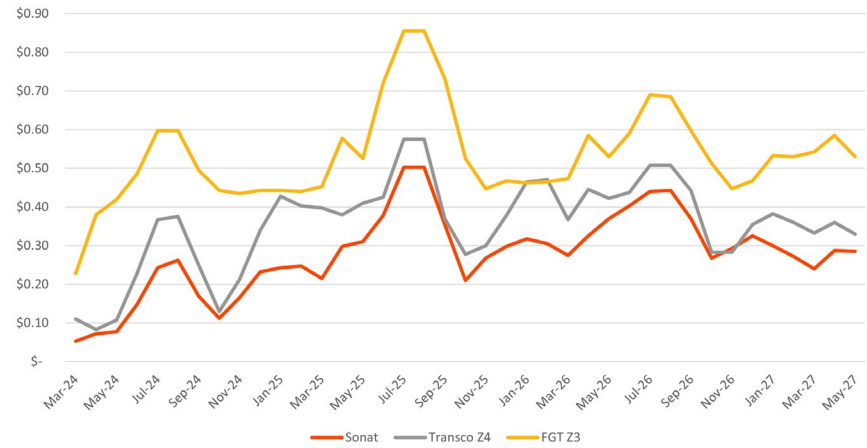
On January 26, the White House said it would pause issuing key permits necessary to export LNG to countries that lack free trade agreements with the United States. Per the White House, the pause will allow the Department of Energy to evaluate the effect of such LNG commerce on climate impacts, the economy and national security interests. The move has been praised by environmental activists, but leaders in Europe are fearful the move is a step backward from the U.S.'s commitment to increase LNG supply in support of lessening Europe's dependence on pipeline gas from Russia.

NYMEX Forwards



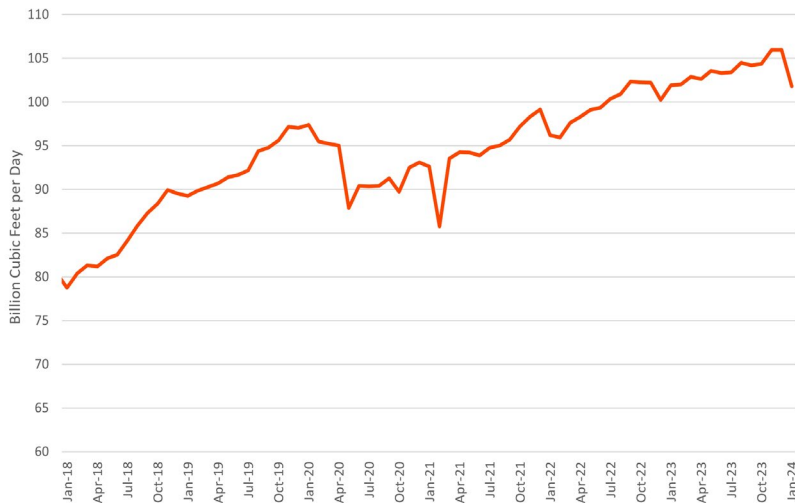
What many believe to be an early end to winter is contributing to a continued sell-off in prompt month and Summer 2024 NYMEX prices.

Basis Forwards



The long-term Southeast basis curves remain elevated, particularly for 2025 and beyond, as the market reflects regional LNG export facilities coming online and incremental demand along the Gulf Coast.

U.S. Dry Gas Production



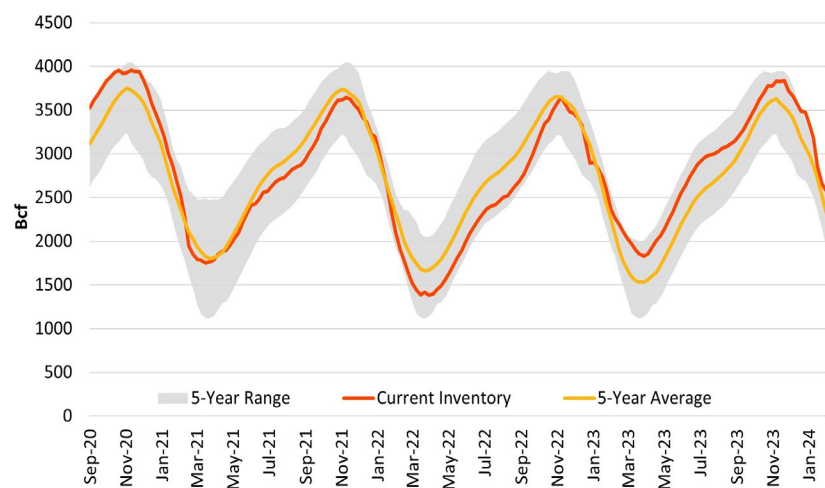
The Energy Information Administration (EIA) estimates that U.S. dry natural gas production declined from a record monthly high of 106 Bcf/day in December 2023 to 102 Bcf/day in January 2024. This decline was caused by production disruptions that occurred during the extreme cold in the central states in mid-January.

NYMEX Prompt History



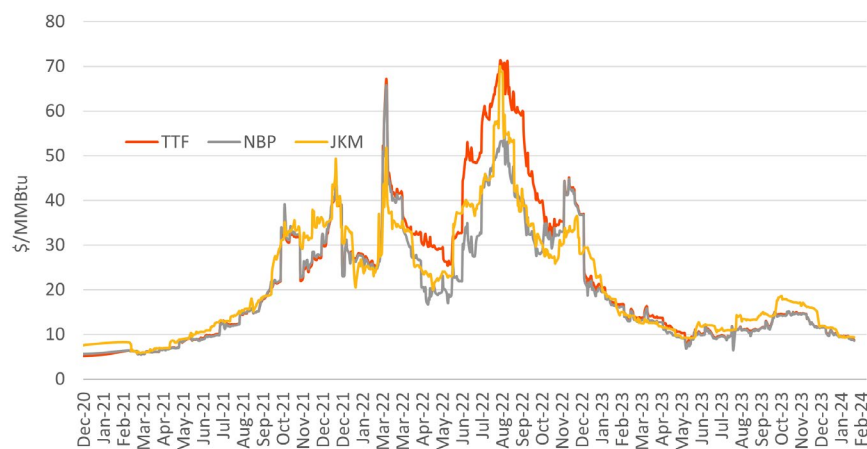
Cold weather in mid-January 2024 led to a short-lived rally in the prompt-month (February 2024) NYMEX contract to more than \$3.30/MMBtu. However, mild weather at the end of January and the first part of February has pressured the March 2024 NYMEX contract below \$2.00/MMBtu.

Nationwide Storage Inventory



After starting the heating season near the upper end of the five-year range, U.S. natural gas storage inventories in 2024 have fallen faster than the five-year historical average over the same period.

Global LNG Prices



Global LNG prices remain elevated compared to Henry Hub but have seen similar declines in recent prompt month prices.

News From Gas South

This month, Gas South is proud to share our [annual impact report](#).

We celebrated our 18th company anniversary this January and reflected on our largest year ever for corporate giving. In 2023, we donated over \$4.5 million to support children in need so they can lead successful lives. On top of that, our employees spent more than 1,200 hours of paid volunteer time working hands-on with nonprofit organizations that focus on childhood education, basic needs and health.

Our impact goes beyond our community giving because we want to support the growth and development of our employees, too. The 2023 report highlights our new mission and values, our employee resource groups and more ways we're developing a best-in-class corporate environment.

Explore our report today and visit GasSouth.com/Giving-Back to learn more about our purpose to *Be A Fuel For Good*®.