

Natural Gas Market Update

October 2024



Pricing Outlook

The October 2024 NYMEX futures contract was a steady riser during its tenure as the prompt month trading instrument. It took the baton trading at \$2.09/MMBtu and rose as high as \$2.68/MMBtu before settling at **\$2.585/MMBtu** on September 26. The November contract has carried similar momentum, trading up towards a resistance level around \$2.92/MMBtu on its first day as the prompt month contract.

The major catalyst for the market lift is curtailed production, echoing a similar pattern seen earlier in the year and giving a reprieve to the storage surplus that has weighed on the market since March. This market's peak will depend on how quickly producers release curtailed and shut-in gas volumes onto the spot market. The longevity of bullish prices will hinge on whether increased production returns alongside the heightened demand of winter weather events.

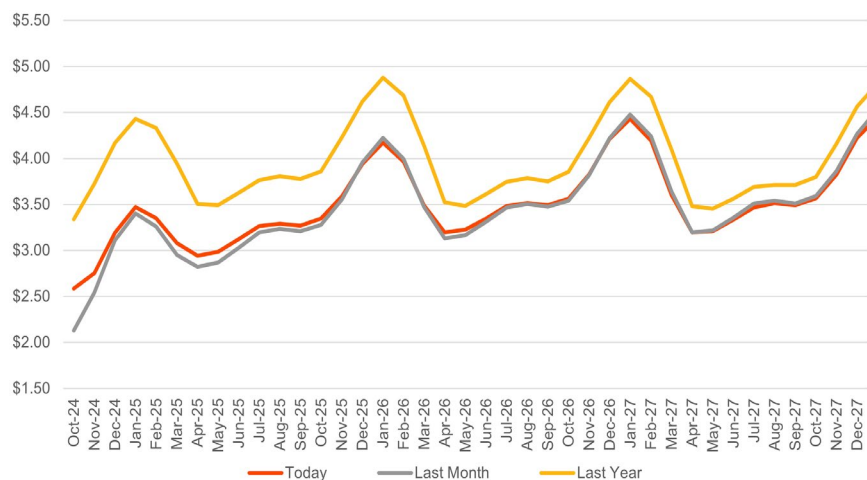
In The News

In January 2023, the Federal Energy Regulatory Commission (FERC) approved the 0.830 Bcf/d Regional Energy Access expansion project on the Transcontinental Pipeline (Transco). FERC ruled that the increased reliability on winter's coldest days and the diversity of supply in the region outweighed a New Jersey Board of Public Utilities study that found the project unnecessary and contrary to the state's climate aspirations. On July 26, 2024, Williams completed construction and requested in-service approval. However, by July 30, the District of Columbia U.S. Court of Appeals struck down the original certificate, prohibiting gas flows on the system.

Transco is now seeking an emergency certificate from FERC to reinstate the project, citing reliability concerns and volatile pricing in the Northeast. The court order most significantly impacts New Jersey, Maryland, New York, and Pennsylvania. If the request is denied, there will be around 435,000 MMBtu/day reduced North-South transportation capacity and 100,000 MMBtu/day reduced South-North transportation capacity south of compressor station 195 this winter. At the time of writing, no such certificate has been issued.

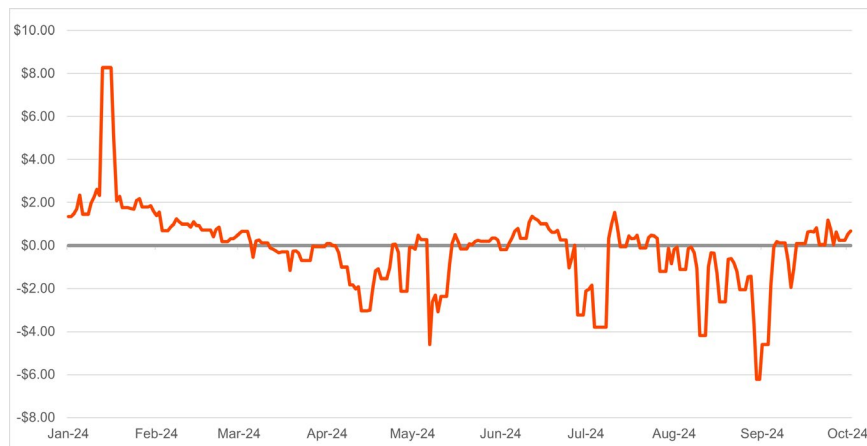
The metaphorical "arms race" among top technology corporations for intensifying data center and AI-related power demand went nuclear in September, as Microsoft struck a deal to re-commission Unit 1 at Pennsylvania's Three Mile Island Nuclear Facility. While Unit 2 has not operated since the U.S.'s largest nuclear accident in 1979, Unit 1 retired in 2019 amidst struggling economic conditions. While this partnership highlights the nuance of meeting increasing energy demands and ESG goals, there is a "near zero" probability that this deal catalyzes a broader chain reaction of retired nuclear reactors returning to service, given the prohibitive costs involved in most cases.

NYMEX Forwards



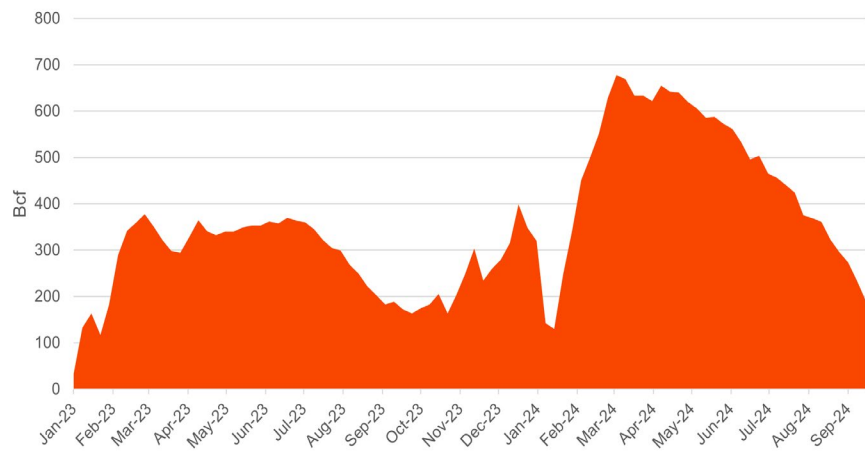
Current NYMEX future looks to receive a bump in the near term, but on the whole share a contango consensus with previous months' outlooks.

Waha Hub GDD Prices



Gas-producing West Texas receives a needed boost, as the 2.5 bcf intrastate Mat-tterhorn Express Pipeline completed its first deliveries to interstate pipeline inter-connects on October 1st. Waha Hub Gas Daily-Daily prices, having traded negative nearly 46% of days this year, return to the black, as the pressure on Permian egress capacity eases.

US Working Gas Storage Surplus over 5-Yr Rolling



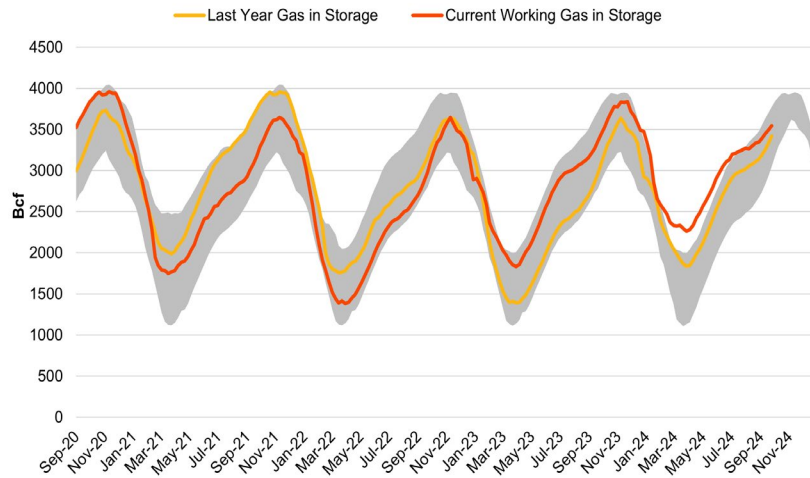
Slowed dry gas production has allowed the U.S. storage surplus to retreat to a mere 190 Bcf above the 5-Year Average. This is down from a peak surplus of 678 Bcf in mid-March.

NYMEX Prompt History



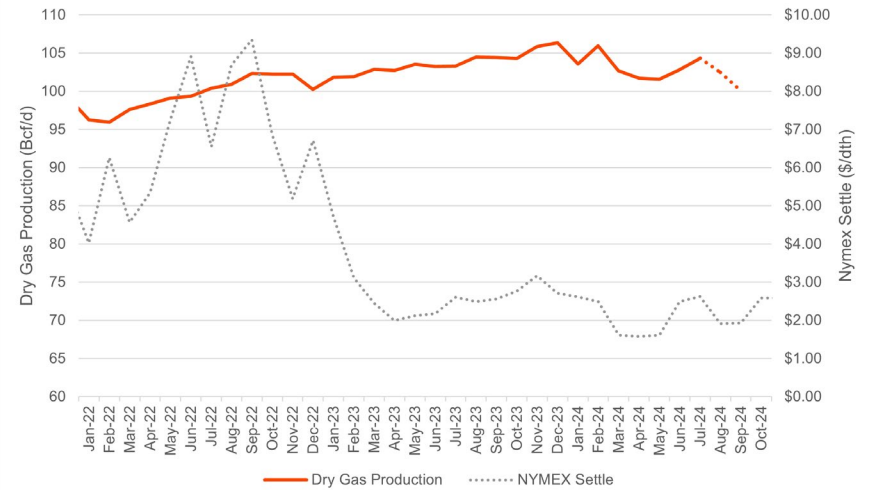
NYMEX prices rebounded to the mid-\$2.00/MMBtu level in September, up from the sub \$2.00/MMBtu mark seen in late August.

Storage Inventory



Slowed production figures have dictated a bump in price and see storage levels return to more normal levels. Currently working gas in storage is 5.6% above the 5-year rolling average and 3.7% above last year's storage levels.

U.S. Dry Gas Production



Dry gas production retreated in September, nearly dipping below 100 Bcf/day, according to estimates. This year, dry gas production and NYMEX settlement prices have performed a sort of synchronized routine. We expect this to continue, as recent price lifts will persuade more molecules to enter the market.

News From Gas South

We were proud to be the title sponsor for the Atlanta Business Chronicle's [Made in Georgia special issue](#) and event this October. This manufacturing summit highlighted the importance of manufacturing in the state of Georgia to drive the economy, champion innovation and support our communities. Learn more in our [recap](#).