

### Pricing Outlook

The June 2024 NYMEX futures contract steadily rose through the early weeks of May before settling at **\$2.49/MMBtu**. The story of resurgence is told by an 80% increase from May's settle at \$1.61/MMBtu on April 26 to a trading high of \$2.91/MMBtu on May 23. The lift from historically low prices can be attributed to decreased production, increased deliveries to LNG export facilities, a hotter-than-normal weather outlook, and short-covering amongst money managers. This effect was amplified in locations across the Midwest and southeastern U.S. that saw increased pipeline maintenance create large supply and demand imbalances, catalyzing remarkable basis jumps.

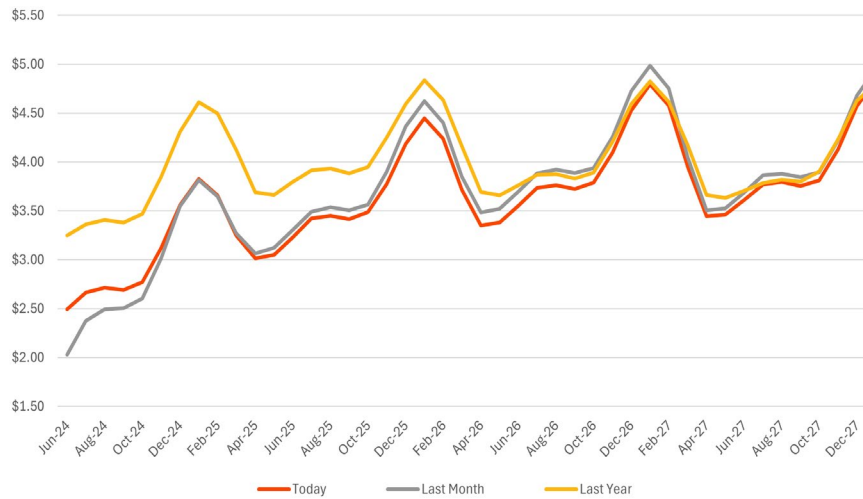
The national price recovery has prompted producers to pick up production activities, placing a check on price in the days leading up to settlement. Additionally, the decreased production profile has chipped away at the U.S. storage overbuild, of which current levels are nearly 27% higher than the rolling five-year average. This is down from a maximum surplus north of 41% in March and the 35% seen at the start of the month.

### In The News

The emerging artificial intelligence "arms race" between tech giants is catalyzing a subsequent contest for supplying the required electricity generation. As generative AI continues to be accepted by consumers at scale, the power needed to train and run these large models is forecasted to balloon. Just this week, industry leaders Microsoft and Google announced the implementation of generative AI models into their Office and Workspace suites, respectively. Earlier this month and to much fanfare, OpenAI released its newest iteration of its large language model: GPT4-o. The previous iteration received hundreds of millions of daily queries, pulling 1GWh/d to respond to users' prompts. Recent data from The New York Times conservatively places the annualized power demand associated with building, training, and running these models between 85 and 134 terawatt hours in 2027.

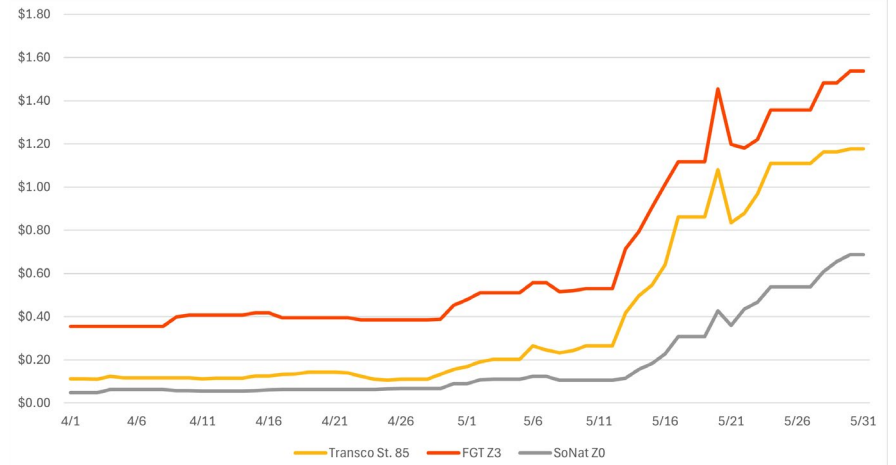
There are ongoing debates about how such data centers will meet their burgeoning power demands and environmental goals. However, natural gas seems primed to play a starring role due to its scalability, reliability, affordability and sustainability.

## NYMEX Forwards



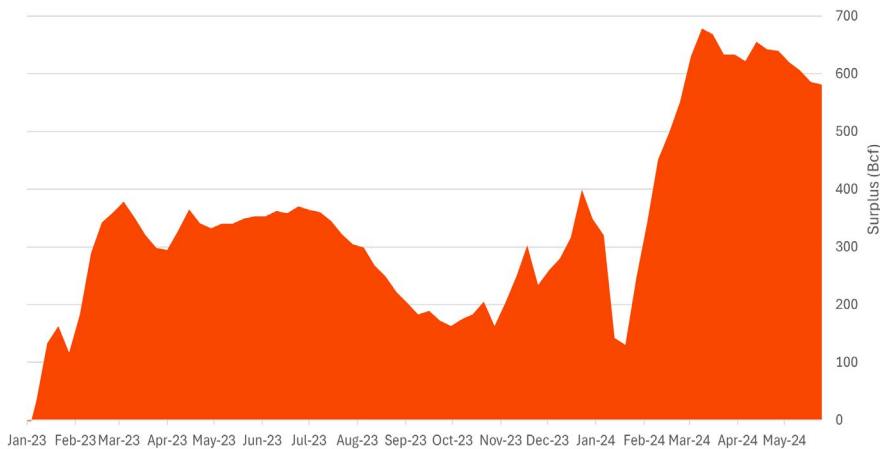
The June 2024 contract decreased 29% from its 12-month forecast one year ago to its true settle, as storage overhang exerted downward market pressure. This mark is up from last month's projection.

## IFERC June 2024 Basis Contract Prices



A rash of both planned and unplanned pipeline maintenance began in May in the southeastern U.S. and along the Gulf Coast and is expected to continue into June. The work is limiting gas flows into the southeast market and driving up locational basis prices in key markets.

## Storage Surplus 5-Year Rolling Average



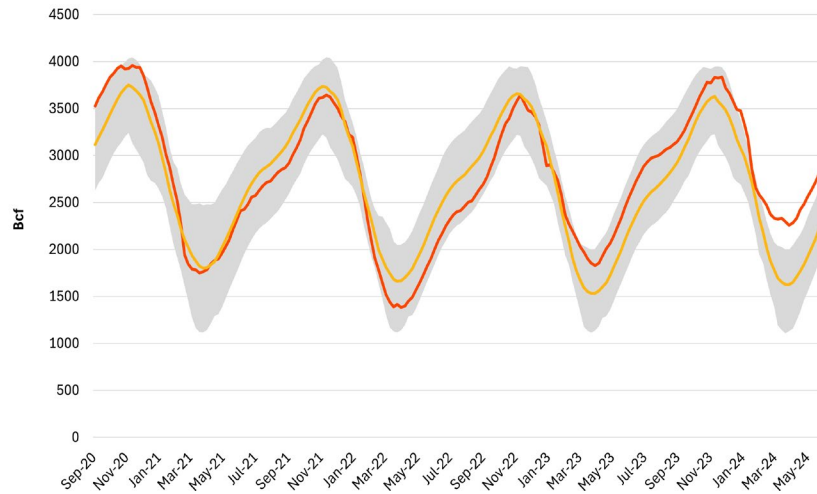
Curtailed and shut-in production has allowed the market to cut into the large storage surplus it has carried out of a mild winter that saw record production volumes.

## NYMEX Prompt History



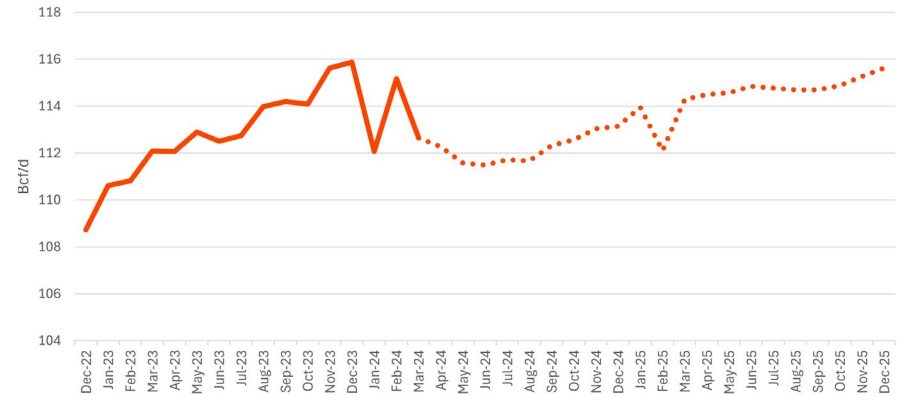
Bullish market fundamentals saw the June contract rise consistently and quicker than many expected during the first weeks of May. This triggered a short squeeze in the market and supply volumes to return, ultimately seeing the contract settle \$0.40/MMBtu lower than its trading high.

## Storage Inventory



Production cuts have catalyzed lower-than-normal storage injections through the month of May. The working gas in storage is currently 15.7% higher than last year, down from 23% higher at the beginning of April.

## U.S. Total Marketed Production



Major production cuts have been the theme of the year, but as prices lift, these volumes are set to return to record highs through 2025, as shown by EIA historical and forecast data reported on a quarterly lag.

## News From Gas South

Gas South is proud to *Be A Fuel For Good*® and make a difference in our communities. For the second year in a row, we're inviting our customers to be a part of that difference.

This June, our social media channels will be sharing the finalists for our 2024 Impact Investment Awards and highlighting the incredible work they do in the areas of childhood basic needs, education and health. At the end of the month, you'll be able to vote on the final two winners who will receive a grant for a specific project that will increase their impact in their communities.

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