

Pricing Outlook

After a market collapse in June that came on the heels of the Freeport LNG terminal outage, natural gas prices reached a seasonal low. They dipped below \$5.50/dekatherm on June 30 but began a march higher in earnest throughout July. In fact, by July 30, NYMEX prices were right back to almost **\$9/dekatherm**. While gas prices have since retreated, some consistent factors continue to inform bullish sentiment within the marketplace:

- Nationwide storage inventories are lagging prior years' averages
- Excessive heat paired with coal market prices and constraints are driving an increase in gas-fired power generation
- Competing demand for U.S. LNG exports remains strong amidst global unrest and high summer temperatures

Nevertheless, NYMEX natural gas prices remain volatile, and consistent dramatic price swings are likely to continue as the market seeks direction for the heating season ahead.

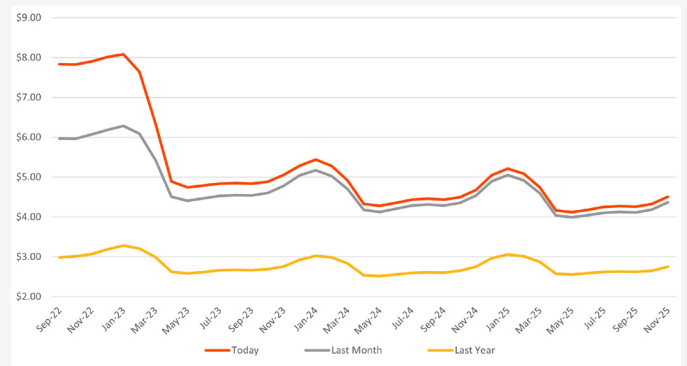
Perhaps most unusual over the past several weeks has been the surge in the Southeast's locational basis. Most traded basis locations across the Southeast—and those on SNG, FGT Zone 3, and Transco Zones 3-5 in particular—are trading at levels unseen in years or never before.

The fundamental factors impacting volatility in NYMEX prices have been particularly supportive of elevated locational pricing throughout the region. Amidst a long summer heat wave, demand for gas-fired generation has been strong. Likewise, demand for the feedstock required to meet US LNG exports continues to run high in the elevated global LNG price market; those terminals are scattered across the gulf and east coasts.

One might argue that these elements have been years in the making. The South's coal-fired generation fleet has been retired in favor of more efficient (and typically more economical) gas-fired generators. Over the past three years, LNG Export capacity has increased by more than 40%.

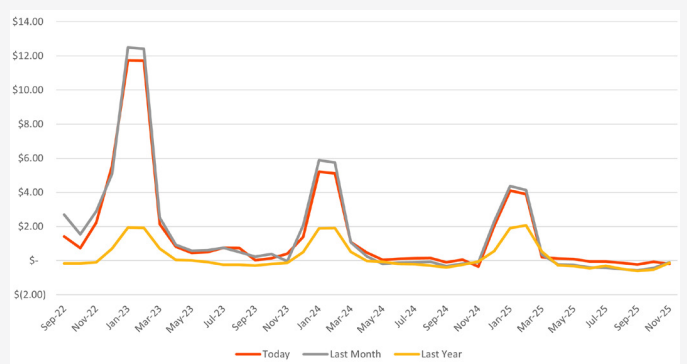
Compounding matters, lingering operational orders on the region's major interstate pipelines are stretching demand as operators look to ensure effective balancing and system integrity. Gas market participants continue searching for alternate pipeline pathways to minimize gas supply costs. As a result, locational prices creep higher along with the newfound demand.

NYMEX Forwards



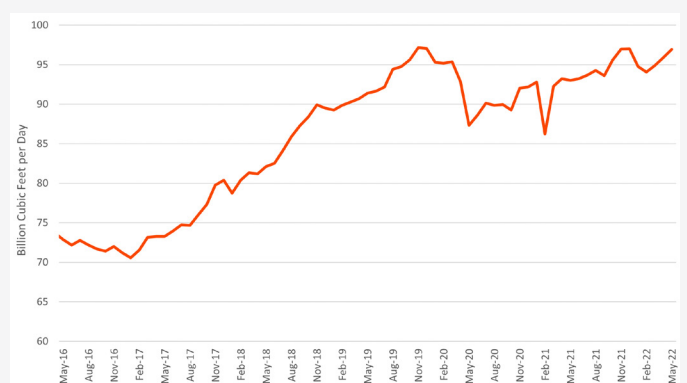
NYMEX trading has rebounded from its June dip. The forward contracts are, however, still below their late-spring peaks.

Transco Zone 5 Forwards



Transco Zone 5 basis forwards remain strong, though winter trading is also down slightly from the late-spring peak. Summer basis across all southeastern markets is trading at particularly strong levels.

U.S. Dry Gas Production



Monthly dry gas production, which is reported on a 2-month lag, stands at around 97 Bcf/day.

News From Gas South

It's hard to believe that the busy fall season is just around the corner! Mark your calendars for some upcoming events that the Gas South team is attending so we can connect with customers like you.

- **8/17-18** – Florida Restaurant and Lodging Summit, Hollywood, FL
- **8/25** - Central Florida Hotel and Lodging Association Hospitality Expo, Orlando, FL
- **9/12** - Cobb Chamber of Commerce's Marquee Monday, Atlanta, GA
- **9/12-14** - Smart Energy Decisions' Net Zero Forum, Phoenix, AZ
- **9/27** - Georgia Restaurant Association Grace Awards, Atlanta, GA

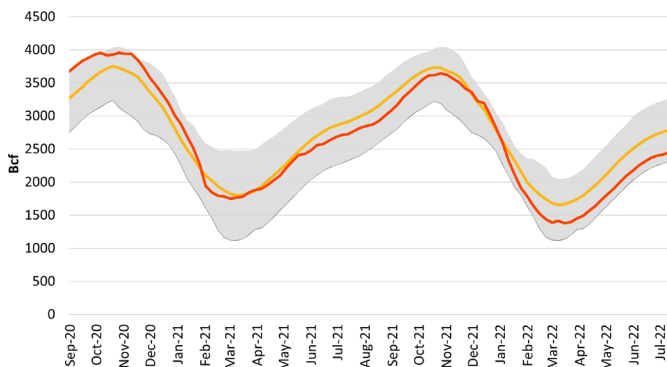
And in case you missed it, catch our latest virtual event—a webinar where we dive deep into [FlexRNG](#), a decarbonizing solution for natural gas that's customizable to fit your goals and budget.

NYMEX Prompt History



NYMEX prices have recovered from the June collapse that came in the wake of the Freeport LNG terminal outage.

Nationwide Storage Inventory



Working gas in storage continues to trail the 5-year average, and is now behind by 13%. The gap has narrowed recently with stronger than normal injections, but nationwide storage still trails last year's levels by about 10%.

Global LNG Prices



Prices for natural gas in Europe and Asia, whose markets are supported by global LNG exports, continue to trade sharply higher in the wake of the Freeport LNG outage.