

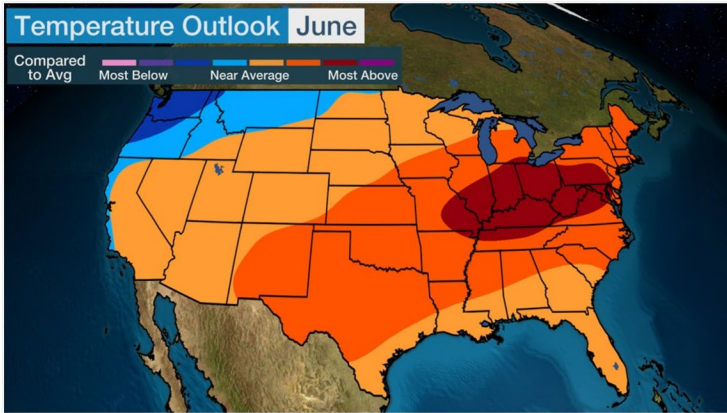
### MARKET SUMMARY

#### BIGGEST FACTORS: WEATHER & GEOPOLITICAL EVENTS

Natural gas fundamentals remain bullish. Strong international demand for U.S. LNG has been coupled with demand from gas-fired power plants due to warm weather. Low storage inventories are also adding pressure.

#### WEATHER (BULLISH)

**TAKEAWAY** - A hot summer forecast coupled with low hydrogeneration capacity means increased natural gas demand for cooling loads.



Source: The Weather Company

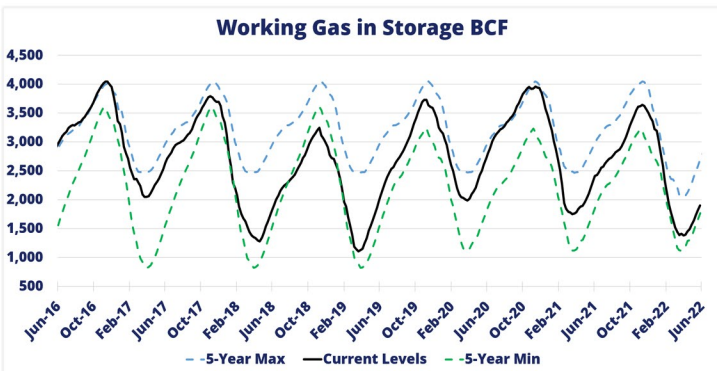
May was 42.2% warmer than normal and 26.9% warmer than 2021. High springtime heat was also a driver for high prices.

The western half of the U.S. is in severe drought. Coupled with a weak La Niña, conditions continue to signal a hot summer ahead.

There is significant upside pricing potential over the next 30-45 days.

#### STORAGE (BULLISH)

**TAKEAWAY** - Record U.S. natural gas demand this winter led to the largest storage withdrawal in four years - leaving inventories low.



Source: EIA

During the first four months of 2021, the U.S. sent about 34% of its LNG to Europe. That rose to 74% in the first four months of 2022. In 2020 and 2021, Asia had accounted for nearly half of U.S. LNG exports.

#### PROCUREMENT TAKEAWAY

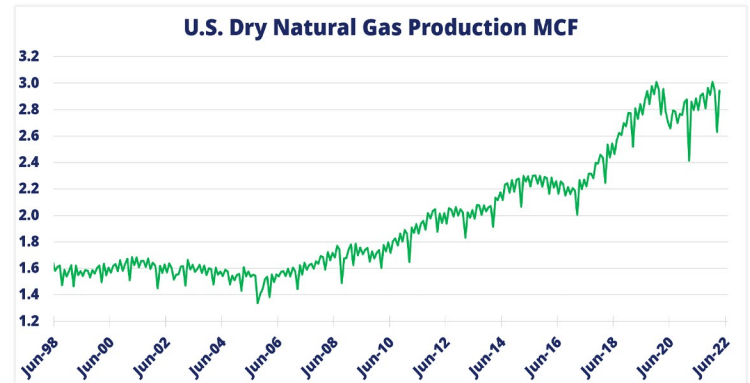
Double-digit summertime pricing has materialized. Risk can be mitigated with a diversified buying strategy. Many facilities are avoiding supplier premiums by relying on index-heavy strategies.

#### STORAGE (CONTINUED)

As reported on June 2, natural gas stocks totaled 1,902 Bcf, which is 17% lower than the year-ago level and 15% lower than the five-year average.

#### PRODUCTION (BULLISH)

**TAKEAWAY** - Flat production and expectations of summer cooling demand are key lynchpins in the natural gas market.

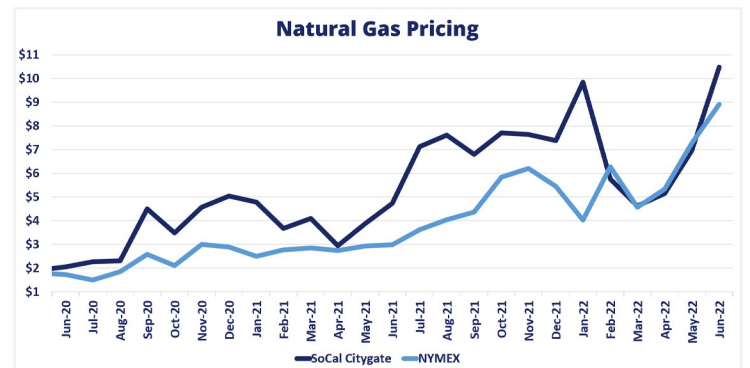


Source: EIA

Shale drillers have been hamstrung by pipeline constraints, rising prices for oil-field supplies, and shortages of roughnecks and rigs. Additionally, executive compensation is no longer tied to output. Thus, rather than increase production, many suppliers have increased dividend payments.

To end May, U.S. energy firms cut oil and natural gas rigs for the first time in 31 weeks.

#### PRICING



Source: EIA

