

MARKET SUMMARY

BIGGEST FACTORS: STORAGE & GEOPOLITICAL EVENTS

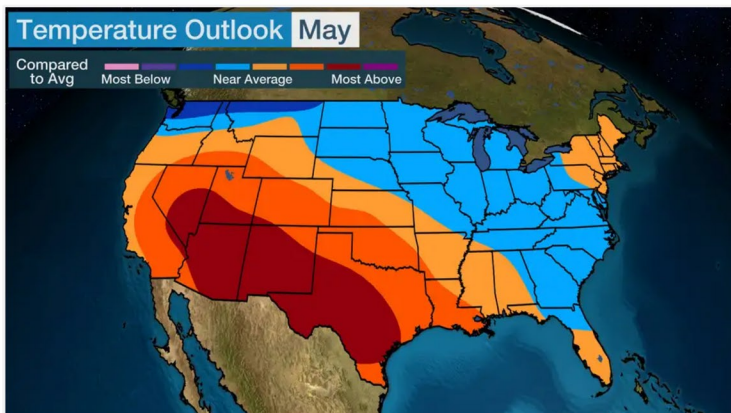
Low gas inventories, continued wartime uncertainty, and general commodities bullishness are causing upward pricing momentum. There appears to be no limit to how high prices could rise.

PROCUREMENT TAKEAWAY

The threat of double-digit summertime pricing is real. Risk can be mitigated with a diversified buying strategy. Many facilities are avoiding supplier premiums by relying on index-heavy strategies.

WEATHER (BULLISH)

TAKEAWAY - Short-term temperature outlooks will be a mix of some heating and some cooling before a broader flip to more heat come June.



Source: The Weather Company

Ongoing dry weather in the western U.S. has also helped drop the waters of Lake Powell to a level approaching the minimum needed to operate the Glen Canyon Dam hydroelectric power plant. With less water available for low cost hydroelectricity, gas will be called upon to make up the difference.

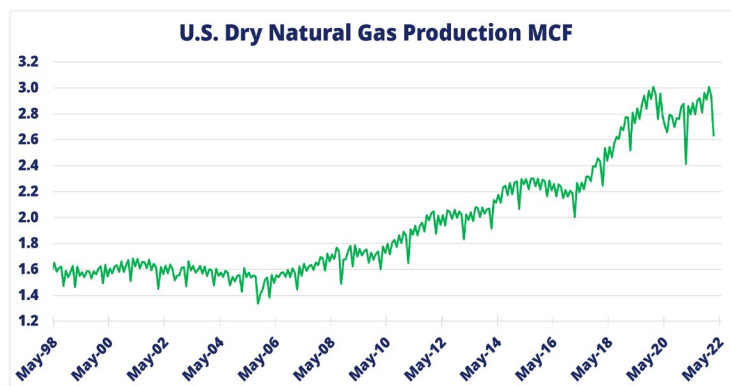
A second year La Nina is typically drier and hotter than the first.

STORAGE (CONTINUED)

Working natural gas stocks totaled 1,490 Bcf, which is 21% lower than the year-ago level and 17% lower than the five-year (2017–2021) average.

PRODUCTION (BULLISH)

TAKEAWAY - The EIA expects production to climb over the next year, offering minor price relief.

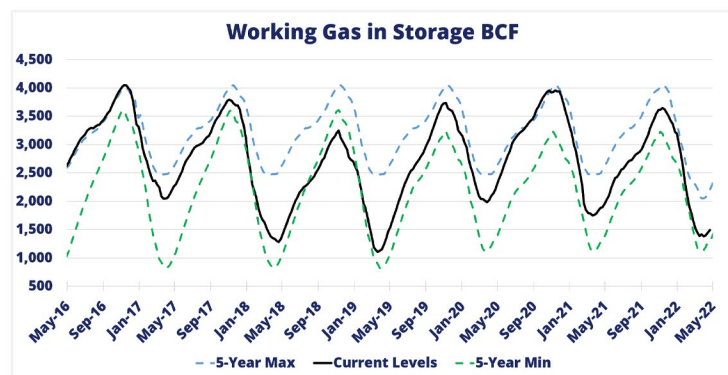


Source: EIA

The seventh U.S. LNG export terminal has begun production. The enormous facility is a reflection of America's role as the world's leading natural gas exporter - with still growing demand.

STORAGE (BULLISH)

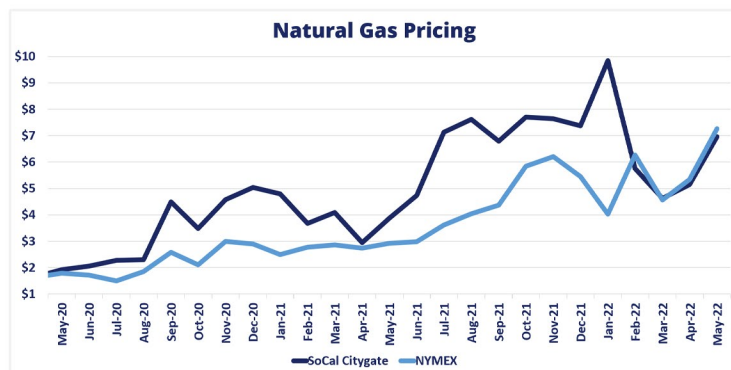
TAKEAWAY - Although low storage continues to bolster pricing, it is only one of many factors putting upward pressure on the market.



Source: EIA

Mid- to late-May is typically the seasonal peak for injections and could provide an opportunity for inventories to rebound.

PRICING



Source: EIA

