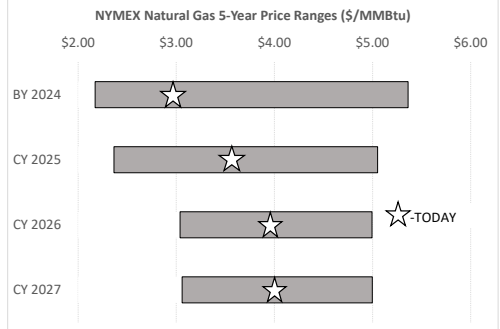




Thursday, May 30, 2024

**Natural Gas Commentary**

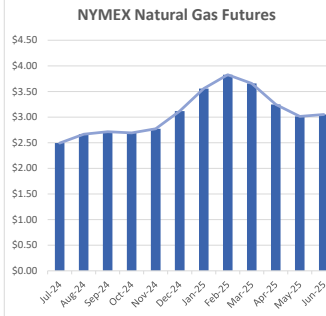
- The June 2024 NYMEX natural gas contract opened the month at \$1.926 per MMBtu and settled as high as \$2.842 before expiring at \$2.493. This intra-month volatility was driven by declining production, rising exports, and three consecutive lower-than-anticipated inventory builds.
- Most of the upward movement was limited to the front end of the curve, as forward calendar strips for 2025 through 2030 remained mostly unchanged during May.
- U.S. dry natural gas production averaged 98.4 Bcf/d in May, vs. 100.4 Bcf/d during the same month last year. Recently, however, large producers like EQT have begun ramping up production amid higher prices.
- International markets for natural gas remain at a significant premium to domestic prices. LNG spot cargoes in Asia are trading above \$12/MMBtu and Dutch TTF prices are near \$11/MMBtu. Buyers are seeking long-term supply agreements from the U.S. and other major export nations.
- ConocoPhillips is aiming to acquire Marathon Oil Corp., further strengthening its position as the world's largest independent oil producer.
- While U.S. natural gas inventories remain at a surplus compared to prior years, the year-over-year gap has decreased by 11% so far during the month.



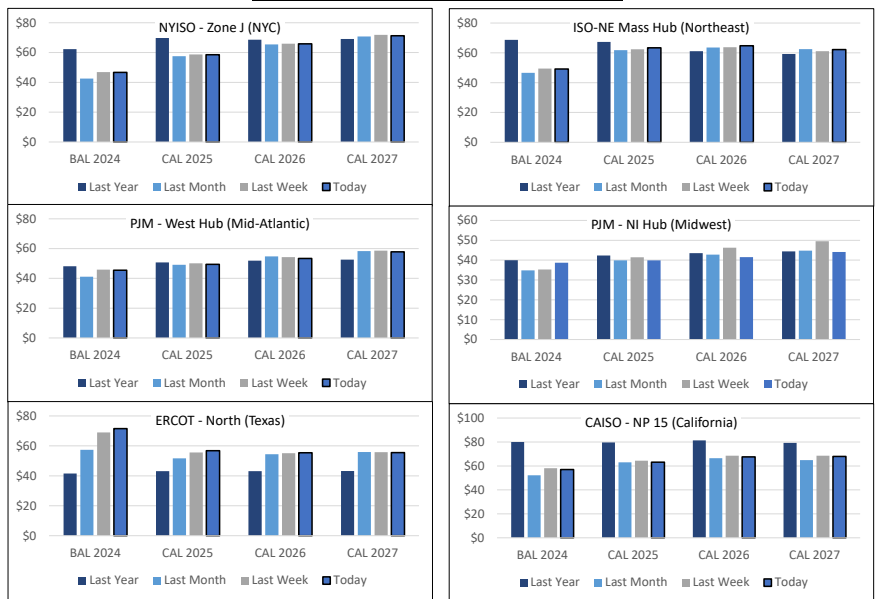
**NYMEX Natural Gas Futures**

Month	\$/MMBtu	% Δ
Jul-24	\$ 2.493	22.8%
Aug-24	\$ 2.666	12.3%
Sep-24	\$ 2.715	8.9%
Oct-24	\$ 2.693	7.5%
Nov-24	\$ 2.773	6.5%
Dec-24	\$ 3.116	3.5%
Jan-25	\$ 3.558	0.2%
Feb-25	\$ 3.827	0.3%
Mar-25	\$ 3.658	0.3%
Apr-25	\$ 3.246	-0.8%
May-25	\$ 3.015	-1.6%
Jun-25	\$ 3.051	-2.2%

Note - Δ is change in price over past 30 days.



**Electricity Market Update (Prices in \$ / MWh)**



**Bullish Factors Creating Market Support**

- Natural gas directed rigs are at a near two-year low.
- The upcoming summer heat is expected to test power demand records across the country, as forecasts are calling for it to be one of the top 10 hottest summers on record.
- Global demand for LNG and pipeline exports to Mexico continues on an upward trajectory.

**Bearish Factors Creating Market Resistance**

- Natural gas production scrapes are showing signs of recovery, with recent readings above 100 Bcf per day.
- The U.S. storage surplus remains high despite recent year-over-year tightening.
- Technical indicators suggest further consolidation in the gas market following the June contract expiration.

**Electricity Market Commentary**

- FERC released its annual summer market and reliability report, noting that total U.S. electric consumption is expected to be 2.7% higher than last summer and 4.4% above the 5-year average.
- North American Electric Reliability Corp. expects adequate power generation to be available across all ISOs in order to meet demand under normal grid conditions. NERC does issue concerns relating to power supply shortfalls during extreme conditions such as extended heat waves, draughts, heavy storms, or wildfire disruptions.
- Growth in total electric demand is expected to continue to move higher, driven largely by growth in AI data centers, electric vehicles, and a change in residential heating standards. Goldman Sachs forecasts that total demand from U.S. data centers will increase from 3% currently to more than 8% by 2030.
- In its latest short-term outlook, S&P Global projects that power sector natural gas demand will peak in 2024, as a massive buildout of solar, wind, and battery storage projects will more than offset the growth in total electric demand.
- The DOE is working with states to implement grid-enhancing technologies to improve existing transmission systems.

Oil Prices		
	\$/Bbl.	% Δ
WTI Crude	\$ 79.23	-4.1%
Brent Crude	\$ 82.56	-0.5%

\$/Gal		
	\$/Gal	% Δ
RBOB (Gasoline)	\$ 2.46	-11.5%
No. 2 Heating Oil	\$ 2.41	-1.6%

**U.S. Temperature Forecasts**

