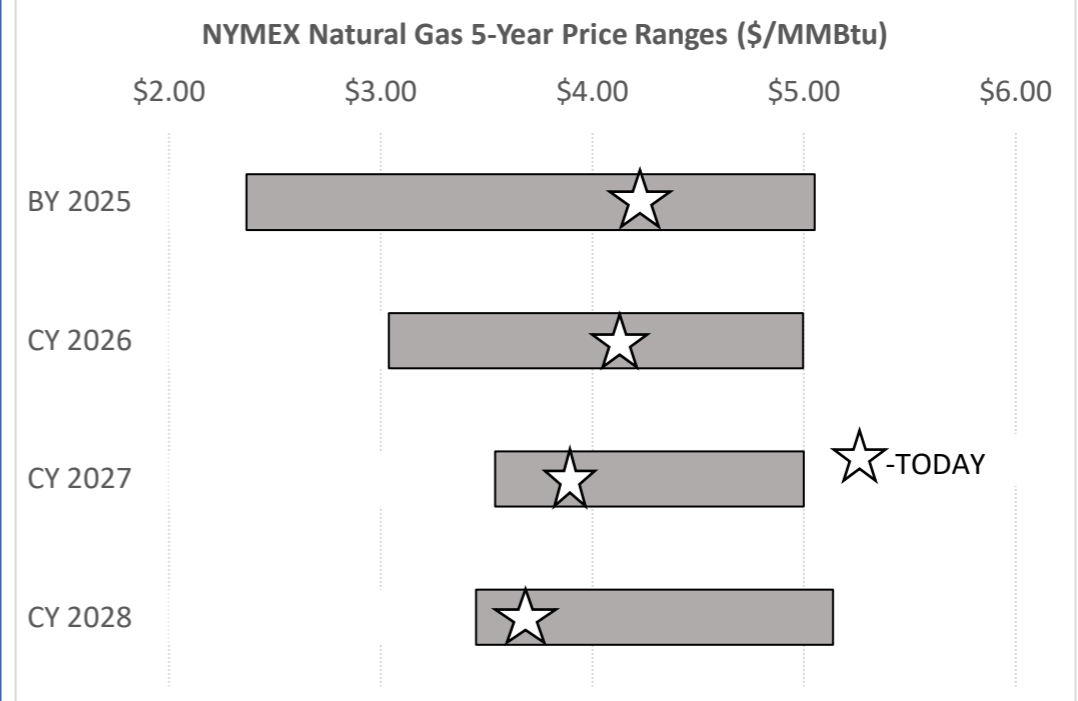




Thursday, February 27, 2025

Natural Gas Commentary

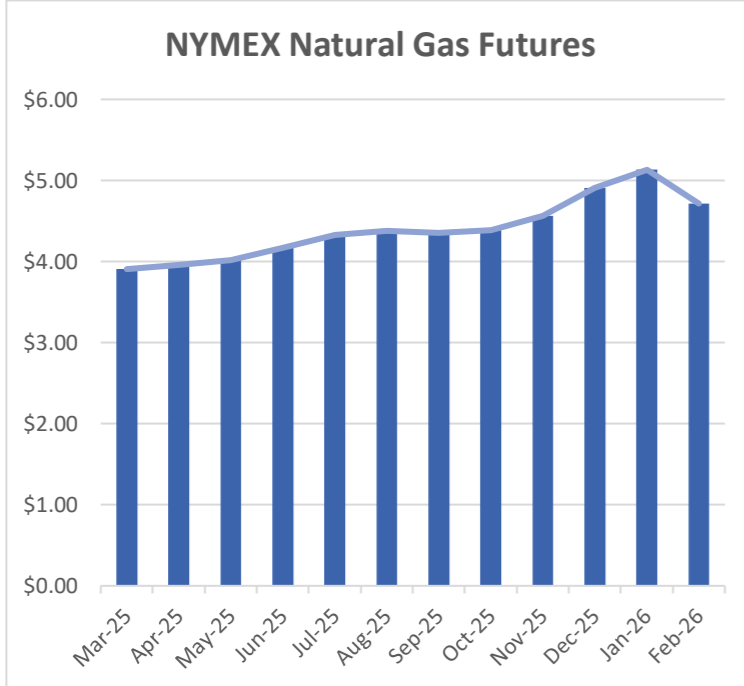
- The March 2025 natural gas contract moved higher on 15 consecutive trading days at the start of February, advancing from \$3.69 on January 31 to \$4.23 on February 21 before expiring at \$3.906 to close out the month.
- Most of the upward movement was focused toward the front of the curve. While the 12-month strip increased by 14%, forward calendar strips for 2027-2031 remained largely unchanged.
- LNG feedgas demand reached another new record above 16.4 Bcf per day. Reports from major energy production companies suggest the trend higher is going to accelerate ahead of schedule.
- U.S. natural gas inventories have fallen from a surplus of +40% vs. the 5-year average to a deficit of -11.5%.
- Canadian inventories have followed suit, dropping from a near record approaching 800 Bcf down to 471 Bcf.
- The January 2026 contract is now trading above \$5 per MMBtu, raising concerns that upward pressure may be in order for Q4 of 2025.
- Following the coldest January-February period in 10 years, temperature forecasts for March have turned warmer, with only small possibilities of another national cold weather blast.



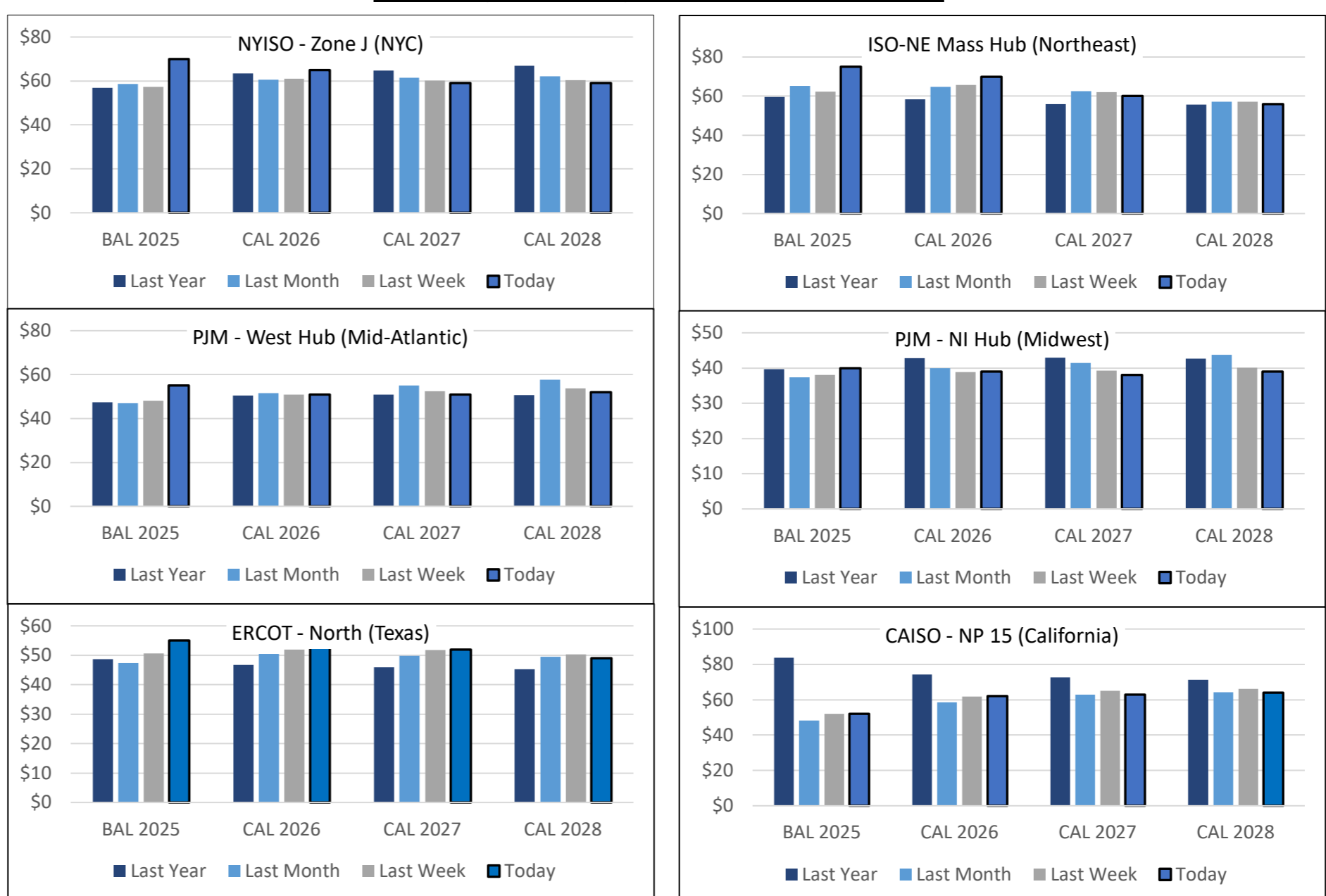
NYMEX Natural Gas Futures

Month	\$/MMBtu	% Δ
Mar-25	\$ 3.906	20.1%
Apr-25	\$ 3.959	20.7%
May-25	\$ 4.019	18.9%
Jun-25	\$ 4.169	16.3%
Jul-25	\$ 4.328	14.8%
Aug-25	\$ 4.379	14.7%
Sep-25	\$ 4.352	14.8%
Oct-25	\$ 4.387	13.9%
Nov-25	\$ 4.565	11.6%
Dec-25	\$ 4.906	8.8%
Jan-26	\$ 5.131	8.1%
Feb-26	\$ 4.714	6.5%

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



Electricity Market Update (Prices in \$ / MWh)



Bullish Factors Creating Market Support

- New records for LNG exports are expected to continue throughout 2025 and beyond.
- Growing demand for natural gas, particularly in the power generation sector.
- Most recent storage withdrawal of -261 Bcf leaves storage levels 300 Bcf (23.4%) behind last year's pace.

Bearish Factors Creating Market Resistance

- Most weather services are calling for a relatively warm start to March for most of the U.S.
- Following last week's freeze-offs, U.S. natural gas production is up nearly 6 Bcf per day.
- Transitioning away from peak winter to the fundamentally softer shoulder season.

Oil Prices

	\$/Bbl.	% Δ
WTI Crude	\$ 68.82	-5.9%
Brent Crude	\$ 72.53	-3.8%

	\$/Gal	% Δ
RBOB (Gasoline)	\$ 1.98	-3.4%
No. 2 Heating Oil	\$ 2.32	-4.8%

Electricity Market Commentary

- PJM approved \$5.9 billion in new electric transmission projects in an effort to increase reliability across the region.
- Natural gas used to generate electricity averaged 34 Bcf per day in February, representing an increase of 3 Bcf per day vs. the same period last year.
- ERCOT established new records for winter peak demand at more than 80,000 MW, and battery storage discharge exceeded 4,500 MW. Solar output in ERCOT nearly set a record at 23,000 MW. MISO also notched a new winter all-time maximum peak of 33,000 MW.
- Combined wind and solar power accounted for 17.2% of total U.S. electric generation in 2024, outpacing coal and nearly matching nuclear power (17.8%).
- NYISO submitted proposals to FERC to allow the means to collect duties on electricity imported from Canada in the event that President Trump's 10% tariff on energy resources from Canada is implemented.
- The Power Africa initiative, launched in 2013 by then President Obama, has been cancelled. The program was designed to bring electricity to tens of millions of households across the continent.

U.S. Temperature Forecasts

