

Natural Gas Market Update

April 2025



Pricing Outlook

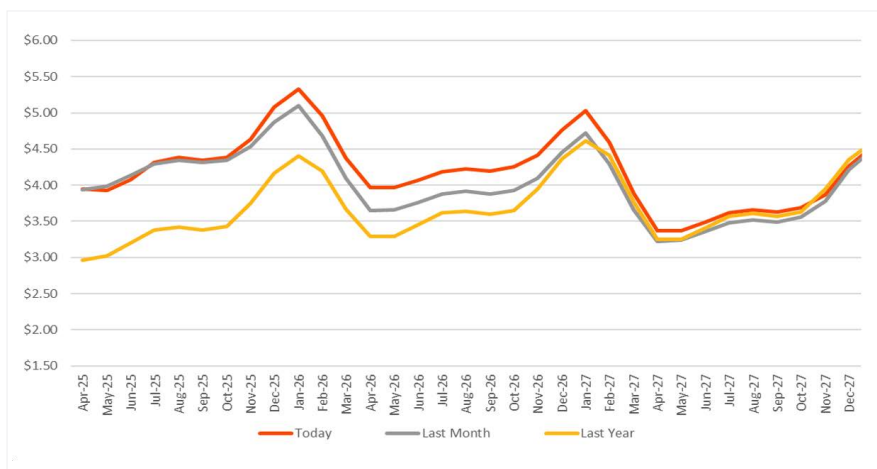
The April NYMEX futures contract opened up the prompt contract at \$4.07/MMBtu, briefly trading as high as \$4.90/MMBtu on account of short covering and a healthy storage deficit. As March wore on, the contract fell as low as \$3.73/MMBtu before expiring at **\$3.950/MMBtu**. The month of March saw LNG feedgas on the rise, averaging 16.2 billion cubic feet per day, up from 15.9 for the same figure in February and 14.8 in January. Gas production is also on the up and is expected to continue to grow in the coming years to meet new demands coming online in the way of expanding LNG and data center power loads. March's high gas prices have contributed to a reversal of previous year's coal-to-gas switching trend, as power burn data indicates coal's increasing economic competitiveness.

In The News

The Federal Energy Regulatory Commission has moved the needle on the nearly stalling Rio Grande LNG and Texas LNG projects by releasing mostly favorable draft environmental reports. Optimism returns for the projects' developers to reach a positive final investment decision later this year. The market looks to these projects as indicators of the new administration's shifting regulatory landscape, which is expected to provide less friction when approving new LNG projects. FERC also gave the nod for the East Lateral Xpress project to begin serving additional feedgas to the newest major LNG terminal in Plaquemines, LA. Other Gulf Coast projects in the mix include Woodside's Louisiana LNG; an expansion to the existing Cameron LNG and Corpus Christi LNG terminals; Commonwealth LNG; Venture Global's CP2; and Energy Transfer's Lake Charles LNG.

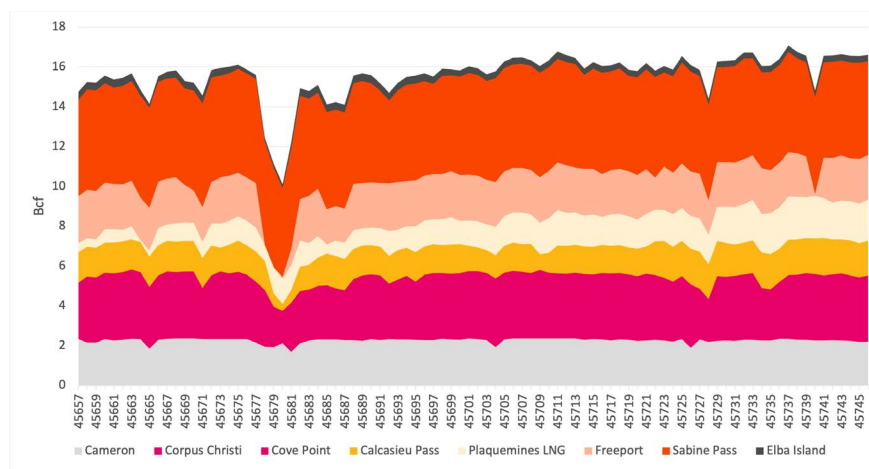
While it may be said these projects enjoy a more defined path to regulatory approval in the newly inaugurated Trump administration, the uncertainty of the effects of new tariffs has introduced a new hurdle. In addition to increasing construction costs due to counter-tariffs on raw materials such as steel, the newly levied tariffs against the major importing nations of U.S. LNG promise to act as a deterrent to potential long-term supply agreements and increase the difficulty of reaching positive final investment decisions. The tariffs on imports range from 10% on the UK to over 50% on goods from China. LNG traders and project originators may find an increasingly bearish trading and project development landscape should retaliatory tariffs be imposed on LNG sourced from the U.S. Gulf Coast. The net effect of these contradictory contributing factors remains to be seen.

NYMEX Forwards



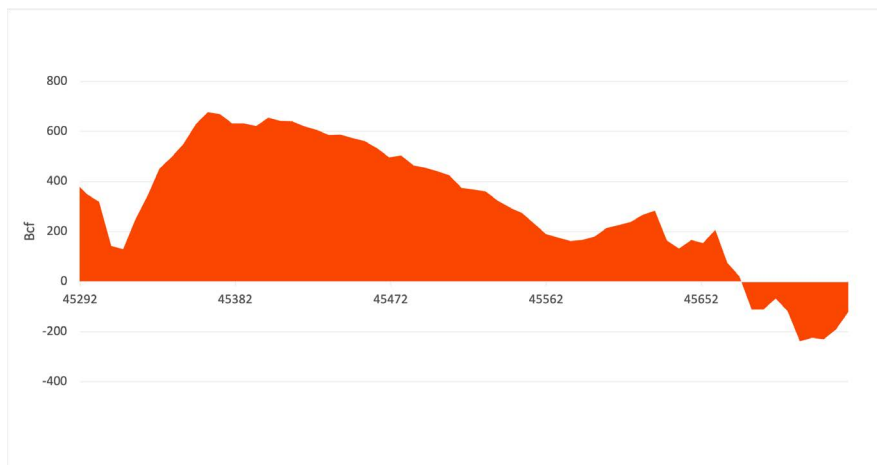
NYMEX forward prices have risen compared to both last month and the same period last year. This increase is driven by changes in storage inventory levels and positive market sentiment regarding future demand.

LNG Feedgas Deliveries



Throughout March, LNG feedgas deliveries remained robust, contributing to upward price pressure in the Southeast U.S. natural gas market.

Storage Deficit to 5-Year Rolling Average



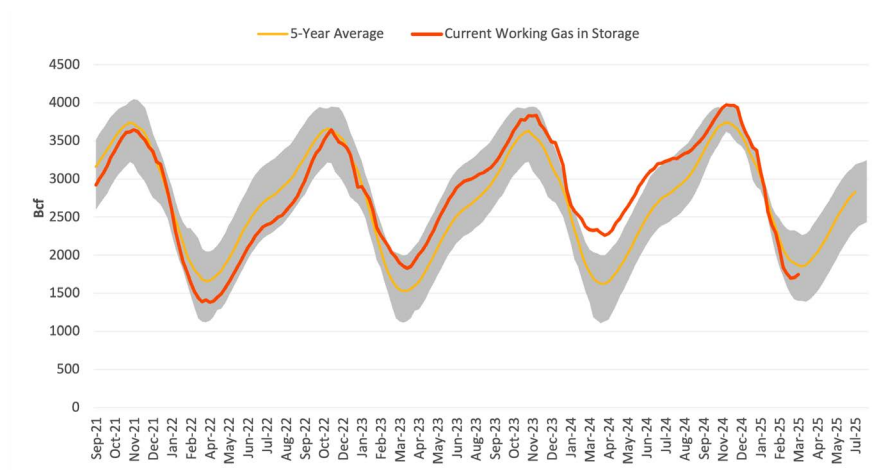
A relatively warm March sees an early start to this year's injection season, shortening the storage deficit to the 5-year rolling average from 224 Bcf to 122 Bcf, 6.5% under the 5-year figure for the third week of March.

NYMEX Prompt History



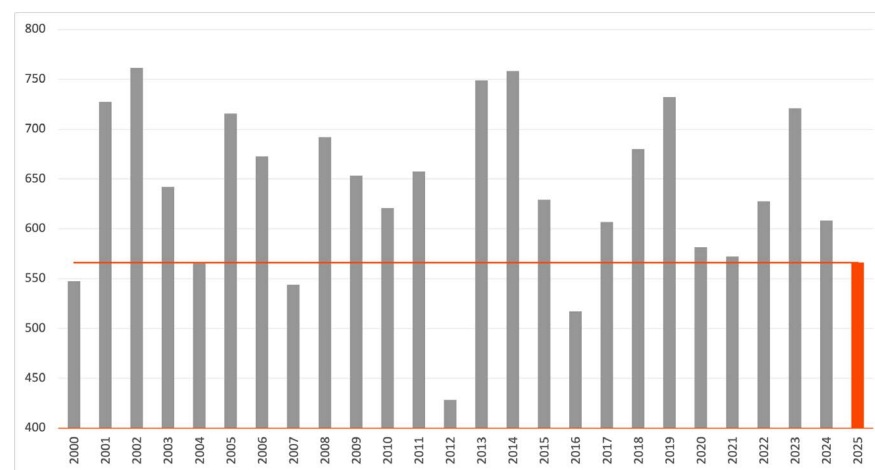
Natural gas prices continue their upward bounce from 2024's historic lows.

Storage Inventory



Working gas in storage continues to lag behind the 5-year pace, but warm weather models show a potential surplus by the middle of the year.

March Heating Demand



Total National Average heating demand for March 2025 comes in the middle of the pack, offering an early start to the shoulder season and allowing for injecting into the net storage deficit.

News From Gas South

We're excited to announce that we'll be celebrating Gas South's Customer Appreciation Month for the third year in a row in June. Each week that month, we'll be engaging customers through email and on social media with chances to win great sweepstakes prizes and an opportunity to help us vote for our annual Impact Investment winners—non-profits that support children in need.