

Natural Gas Market Update

November 2024



Pricing Outlook

As the prompt month, the November NYMEX futures contract initially picked up steam in the first week of October, rising from \$2.80/MMBtu to over \$3.00/MMBtu. It eventually fell to \$2.21/MMBtu and settled at **\$2.35/MMBtu**, its downward pressure due to high storage levels and bearish weather forecasts. Weather is the main driver of price movement and general market sentiment this time of year. Participants look to their various weather predicting mechanisms, including advanced analysis of bird migration patterns, persimmon seeds and weather services to infer whether winter will come early or late and arrive relatively colder or milder.

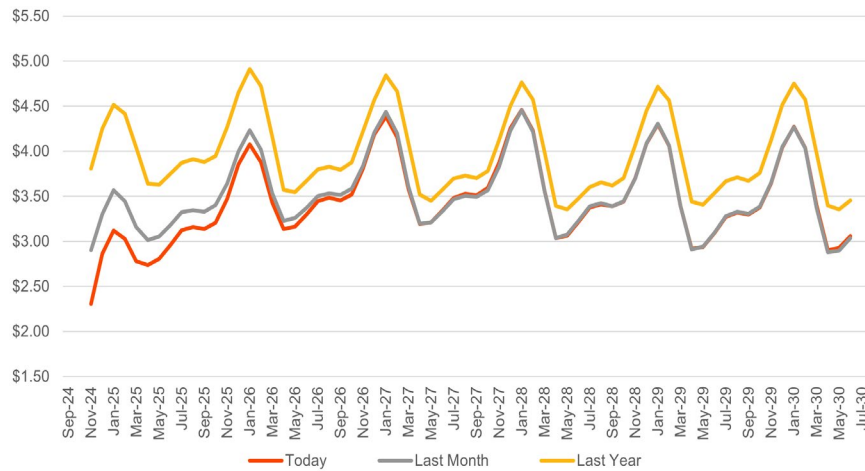
In The News

Building on themes developed in recent updates, including last month's reporting on the deal between Microsoft and Constellation's Three Mile Island, new power demand associated with AI-driven data centers and electric vehicles has been the energy sector's story of the year. All market participants stand to benefit from projected demand increases at a clip not seen in over a century.

The qualitative lift in positive sentiment finds quantitative support in Vanguard broad energy sector ETF's (\$VDE) 8.7% gain since the start of September. Nuclear was the obvious winner in NYSE trading throughout October, jumping 35.53% (\$NLR) over the same period. These figures suggest the stock market is betting on a revival to the sector in the coming years. However, natural gas is poised to deliver much-needed affordability and reliability to a generation mix increasingly outfitted with weather-dependent renewables.

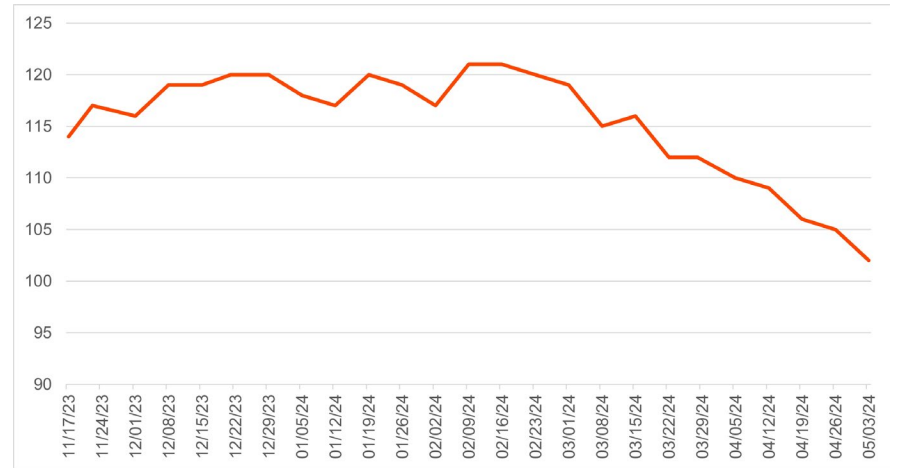
Various pipeline expansion projects providing west-to-east transportation have been proposed to buttress renewable power generation and access new LNG facilities. Two project proposals reached FERC's door as October rolled into November: Transco's filing to start construction on the 1.6 Bcf Southeast Supply Enhancement project; and a pre-filing for a 1.3 Bcf expansion to Southern Natural Gas's south mainline, expected to file for a certificate application in June 2025. Williams is targeting an in-service date of late 2027, while Kinder Morgan is targeting gas flows in late 2028.

NYMEX Forwards



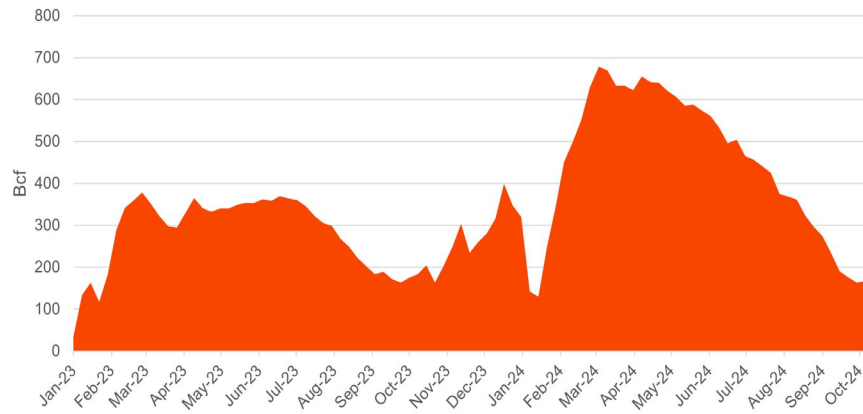
The prompt market took a bearish turn in the last 30 days, widening the spread between upcoming and future winters.

U.S. Natural Gas Rig Count



The decline in rig activity throughout 2024 indicates a slowdown in U.S. production due to weak prices. The weak winter strip is likely to prevent upturns in drilling activity in the first half of 2025.

Working Gas Storage Surplus – 5-Yr Rolling Avg.



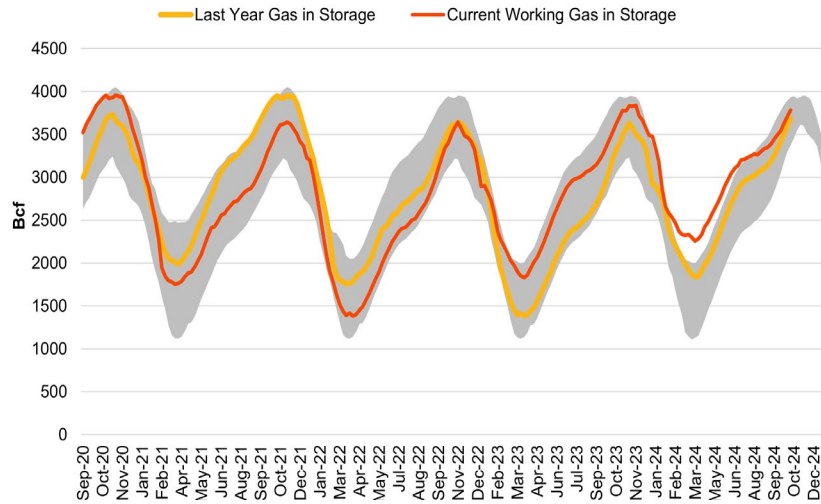
The market ran up before selling off to end the month of October, as the storage surplus rose in the week ending 10/18. This was the first week that saw a build over the five-year rolling average since early July.

NYMEX Prompt History



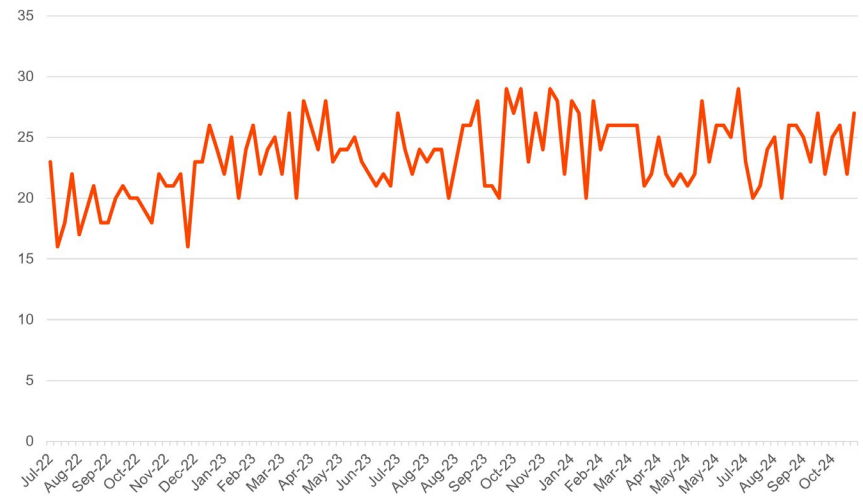
The market continued its wave-like trend as market bulls and bears tug prices between \$2 and \$3 bumpers heading into winter.

Storage Inventory



Slowed production profiles continue to relieve pressure on market fundamentals, with the U.S. storage surplus overhang nearly 5% and 3% above the five-year rolling average and last year's levels, respectively.

LNG Vessels Departing U.S. Ports



LNG vessels departing U.S. ports edged closer (at 27) to the highest recorded total (29) since the EIA started including the figure in its weekly natural gas update figures in the summer of 2022.

News From Gas South

The season of giving is upon us, and Gas South is thrilled to acknowledge the individuals and organizations that share our purpose to *Be A Fuel For Good*®. Starting on National Make a Difference Day, we're highlighting a few extra special "Difference Makers" who give back to their community through our Fuel for Good Allies like the YMCA, Covenant House, City of Refuge, Bert's Big Adventure, Ser Familia and St. Vincent de Paul.

Check out Gas South's Facebook and Instagram pages to learn more about them and see how you can help make a difference with these organizations.

