

Pricing Outlook

The August NYMEX futures contract experienced a meticulous sell-off to slip under \$2.00/MMBtu on its July 29 settle. The market once offered support as the contract approached the \$2.00 threshold less than a week before the contract's expiration, but it could not prevent a breakdown under \$2.00/MMBtu for the first time since May's expiry at \$1.614/MMBtu. The market's descent emerges as increased production figures have forced an abundance of spot gas. The average dry gas production in the lower 48 states measured 101.7 Bcf per day in July, up from 100.2 Bcf per day in June and 99.4 Bcf per day in May.

This increased production, combined with Hurricane Beryl, delivered an effective one-two punch to price, landing hits to both the supply and demand sides of the price equation. Whereas hurricane activity has historically disrupted supply activities in the Gulf Coast, leading to spiking prices, the shale revolution sees production move inland and relatively indifferent to tropical activity.

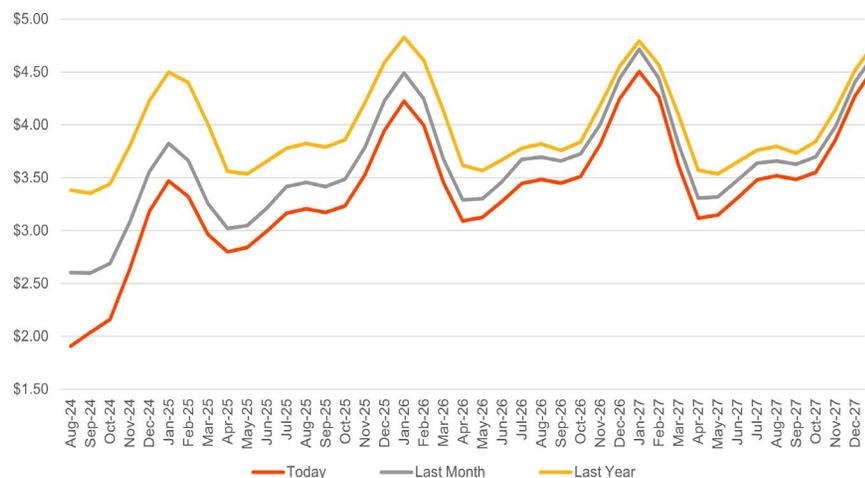
The primary impact of these events is now a two-pronged destruction of demand: the storm brings cooler conditions, which decreases cooling demand, and LNG facilities along the Gulf Coast experience reduced activity. This was seen on July 7 as LNG facilities, including Freeport LNG, prepared for Beryl's Houston landfall on July 8. Depressed LNG feedgas deliveries were observed through July 21. This effect may recur as NOAA forecasts 17-25 named storms this hurricane season, including 4-7 major hurricanes.

In The News

The Supreme Court, in its June hearing of *Loper Bright Enterprises v. Raimondo*, overturned the near four-decade reign of the Chevron Deference Doctrine. The decision handed ultimate legal interpretative authority from government agencies to the judicial system. Courts were previously obligated to defer to the industry expertise of a given government agency in cases of a reasonable interpretation of legal ambiguity, whereas now the state court system holds the trump card.

While this issue is complex and politically and economically charged, an immediate effect could be an increase in open legal cases, as regulated industries see a new door to challenge regulators. These lawsuits can be expected to include The Environmental Protection Agency's interpretations of the Clean Air Act, the Federal Energy Regulatory Commission's activity in interstate energy transmission oversight, and the Security and Exchange Committee's requirement to report greenhouse gas emissions to potential stakeholders.

NYMEX Forwards



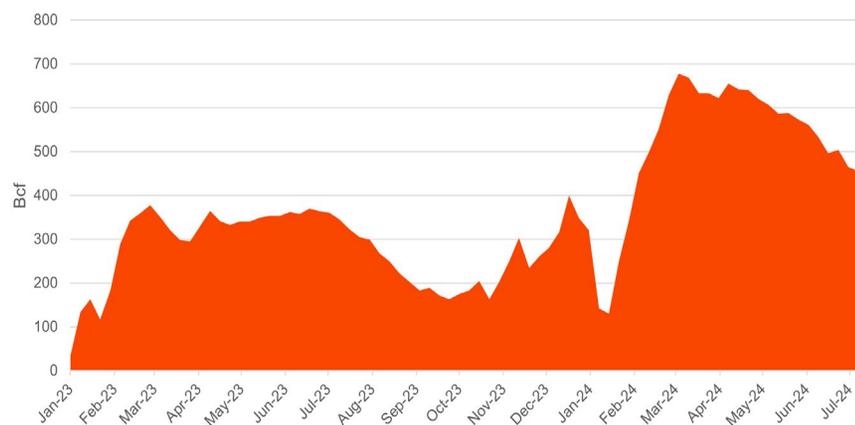
The NYMEX forward market, though depressed over last month, continues to project bullish in the ensuing years as demand increases manifest.

LNG Exports



LNG exports ticked down in July, mostly owing to the impacts of Hurricane Beryl on the U.S. Gulf Coast.

5-Year Rolling Average Storage Surplus



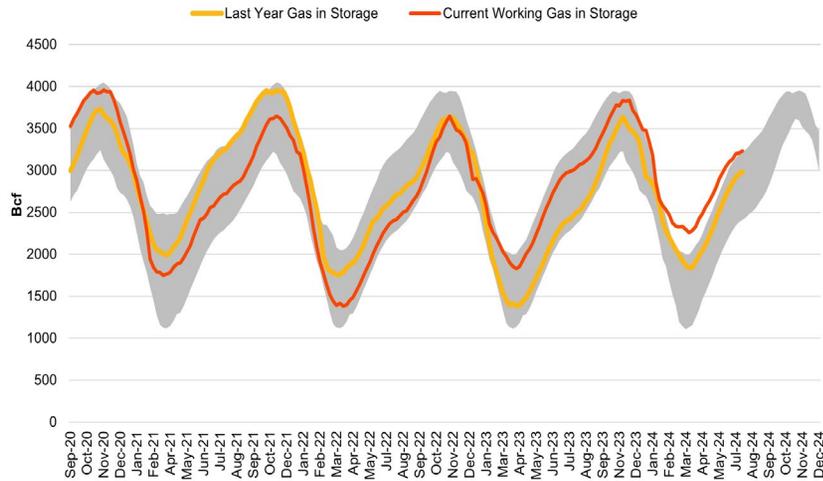
The U.S. market continues its slow erosion of surplus gas in storage, helped by a month with cooling demand well above normal.

NYMEX Prompt History



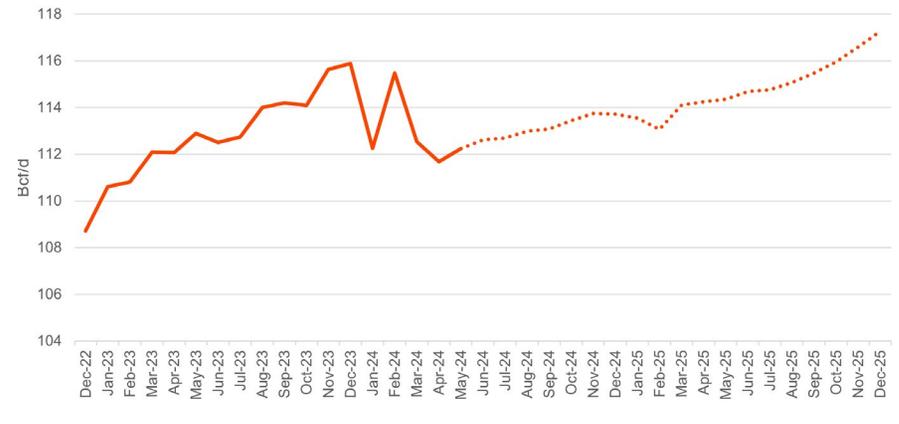
The prompt market sheds a dollar over the course of July's trading, due in large part to increased production and depressed LNG feedgas demand.

Storage Inventory



As of the week ending 7/19, current levels of working gas in storage is 16.4% higher than the 5-year rolling average and 8.3% higher than last year's level. Projections have the end-of-season storage landing around the 3.9 Tcf level.

U.S. Total Marketed Production



The total marketed production, which includes an uptick in imports from Canada, sees a forecast increase through December 2025, according to EIA reporting on a quarterly lag.

News From Gas South

We're pleased to announce our relocation to The Battery Atlanta! At the end of July, we opened a new, modern workspace customized for hybrid work and collaboration. The space caters to diverse workstyles, blending innovation and functionality throughout.

We're thrilled to be closer to our longtime partner the Atlanta Braves, and even nodded to the slugger lifestyle through some of our office neighborhood themes!

Get an inside look on our social channels and article from the [Atlanta Journal-Constitution](#).

