

Natural Gas Market Update

February 2025



Pricing Outlook

The February 2025 NYMEX futures contract gained as much as a dollar during January trading before selling most of it back in the last three days to finish at **\$3.535/MMBtu**. Weather forecasts catalyzed both movements, with the first month of this year achieving the 21st century's coldest January while balmy February predictions prompted the late sell-off. January's nationwide total heating degree days were 11.95% higher than the previous 10-year average. This extended cold brought about record-high residential heating demand as freeze-offs lowered production by as much as 9%. However, power outages at Freeport LNG during the coldest spell helped dampen upward price lifts and bearish February temperature forecasts saw the contract trade down before settle.

The cold weather allowed the gas storage surplus to the five-year rolling average to flip to a deficit for the first time in over two years. This comes as the third week of January saw only the fourth storage pull over 300 Bcf since 2015. The surplus, as high as 678 Bcf in mid-March of 2024, was a major factor in NYMEX futures trading relatively low last year. As of the week ending 1/24, that surplus has transformed into a deficit of 111 Bcf.

In The News

At President Trump's January 21 inauguration, a flurry of executive orders promised to impact the energy landscape. Most notably, the White House reversed the pause on extending LNG permit approvals to non-Free Trade Agreement nations. Additionally, FERC recanted on a February 2022 draft greenhouse gas policy and swiftly applied the change to Transco's Regional Energy Access expansion project by giving permanent approval on January 24. The nearly .850 Bcf per day expansion was slated to lose its certificate on January 28, raising reliability, health, and safety questions for the Mid-Atlantic local distribution companies relying on the project for firm service during the winter.

The full scope and application of changes wrought by the new administration may not be fully realized for months as challenges and challengers will invite the judicial system into the fray. Included in the nebulous uncertainty are questions surrounding the implementation of the 10% tariff on Canadian energy imports.

NYMEX Forwards



Sustained patterns of abnormally cold weather elevated the NYMEX futures curve over this time last month and last year.

January Heating Degree Days



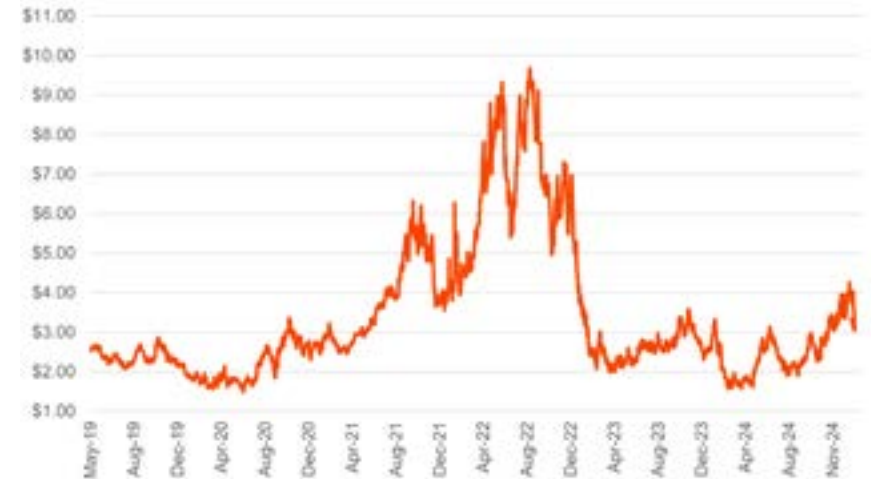
January 2025 saw the largest national average Heating Degree Days this century, creating a storage deficit for the first time in over two years.

Freeport LNG Deliveries



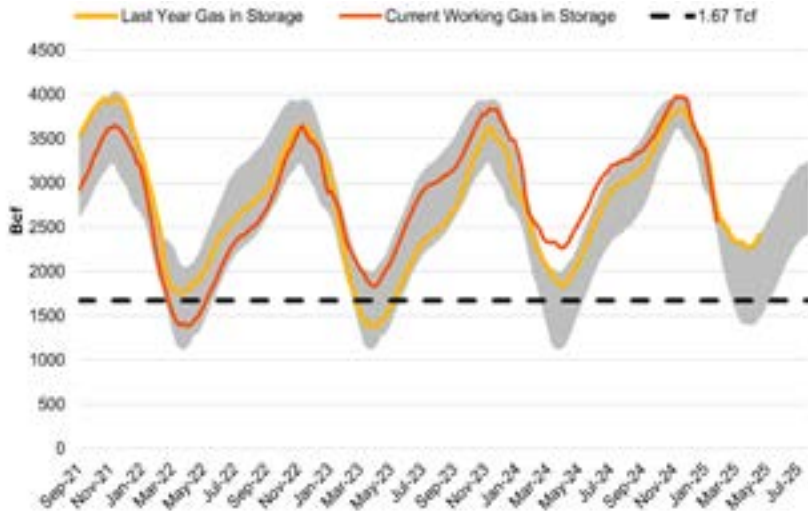
Intermittent power outages took down the market-moving Freeport LNG the week following MLK Day, exerting downward pressure on the market even as country-wide heating demand approached record highs. Freeport is the only major LNG facility in the country that uses electricity to power its compressors, thus making it uniquely vulnerable to power supply interruptions. In the chart, Freeport Total denotes the total quantity delivered to the facility on interstate gas pipelines.

NYMEX Prompt History



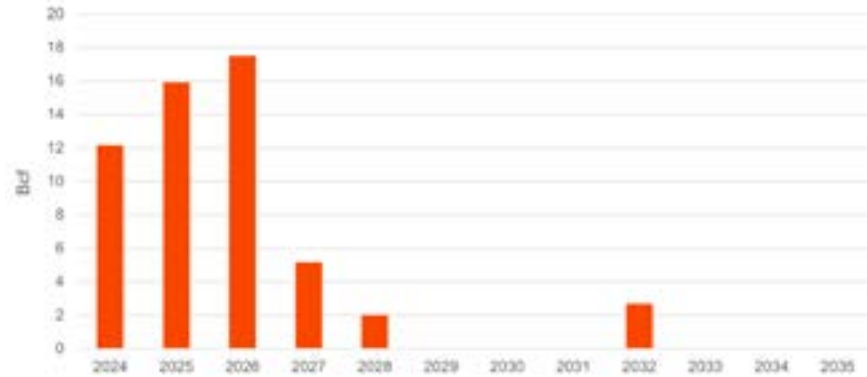
The NYMEX prompt contract, though relatively volatile day to day, expressed a decidedly “up and to the right” move through January trading. The rise was fueled by record residential heating demand across the country, then sank again in the final days of the month.

Storage Inventory



Analysts at Scudder Publishing Group see the end-of-season levels of working gas in storage landing at 1.67 Tcf. Any movement higher than this would exert downward pressure on the 2025 calendar strip, while large withdrawals in February and March may give the market price support into the shoulder season.

Natural Gas Pipeline Projects Serving LNG Demand



The capacity of natural gas pipeline projects serving LNG facilities grows through 2026 as new facilities are expected to introduce feedgas. These figures are inclusive of the entire construction process, from announcements to completed and approved pipelines. In a recent earnings call, Kinder Morgan revealed their conservative estimate for natural gas demand to rise by 28 Bcf per day by 2030 as new LNG and power demand materializes.

News From Gas South

At Gas South, we're proud of the impact we made last year. From supporting local nonprofits to delivering cleaner energy solutions to committing to creating a workplace that thrives on collaboration and inclusivity—our mission is all about making a positive difference.

[Watch our 2024 Annual Impact Report Video](#) to learn how we're making an impact, not just in the community, but within our own team.