

Pricing Outlook

The May 2024 futures contract traded relatively sideways in April, shrugging off most would-be market-moving forces. This can be largely attributed to the sizable gas storage surplus acting as a weighted blanket on price volatility. Upon debuting at \$1.72/MMBtu, the May contract averaged a daily settle of \$1.77/MMBtu, twice testing a ceiling in the upper \$1.80s over the course of the month before settling at a low of **\$1.61/MMBtu**. This included a \$0.16 freefall on April 24 as the futures contract closed the gap between the forward curve and weaker Henry Hub spot prices.

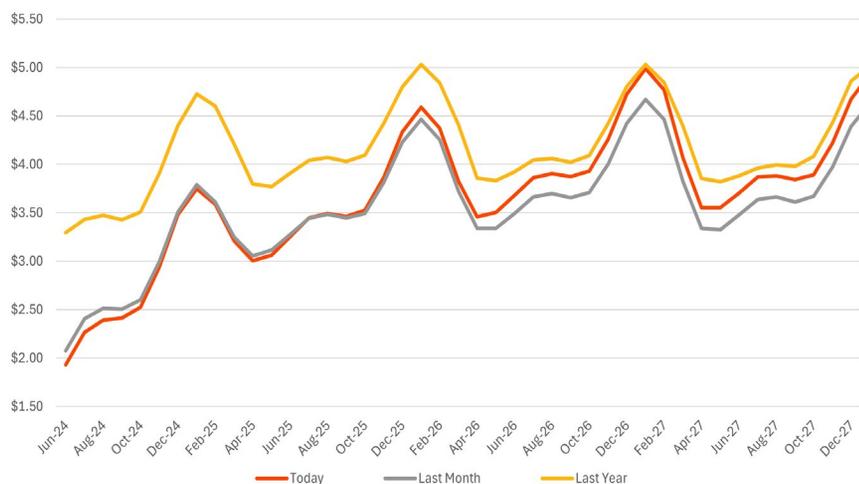
The June contract debuted as the prompt month contract at \$1.923/MMBtu and has risen above the \$2.00/MMBtu threshold for the first time since early February. Production cuts, power generation demand increases, and the hope of a warmer-than-average summer have tightened expected market fundamentals and have catalyzed a mild front-month rally.

In The News

The Mountain Valley Pipeline restoration project is nearing completion and is seeking authorization from FERC to come into service on June 1. The 303-mile, 2 Bcf/day system will offer increased reliability and transport capacity to the Marcellus and Utica shale production plays, as well as interconnections to other interstate pipelines such as Transco Station 165 and TCO WB and KA lines.

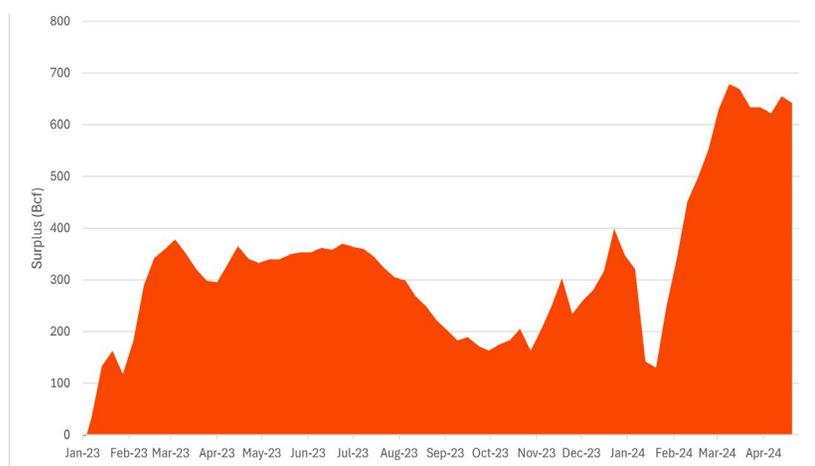
Other projects expected to start gas flows in 2024 include the 2.5 Bcf/day Matterhorn Express that connects Katy and Waha Hubs in Texas and the middle-mile pipelines that will serve the soon-to-be-operational Plaquemines LNG export facility in Louisiana, such as the Gator Express and the Gillis Access pipelines. The Plaquemines LNG facility is one of the drivers for forecasted LNG feedgas demand jumps expected to climb 33% to 20 Bcf/day through 2026.

NYMEX Forwards



April's NYMEX forward curve lands between the bumpers of last month's record low commodity prices and last year's comparatively elevated curve. May's futures are especially elevated compared to the previous month's outlook from January 2026 into 2027.

5-Year Storage Surplus



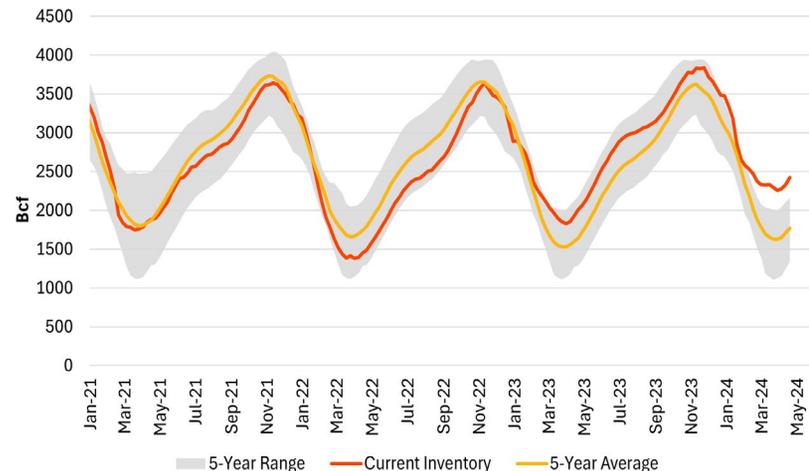
The elephantine surplus between the five-year average and the current working gas in storage clumsily moseyed sideways in April as production cuts were met with proportional decreases in demand paired with increased exports from Canada. As of April 29, storage levels remain 37% above the five-year rolling average, down slightly from just under 39% on March 29.

NYMEX Prompt History



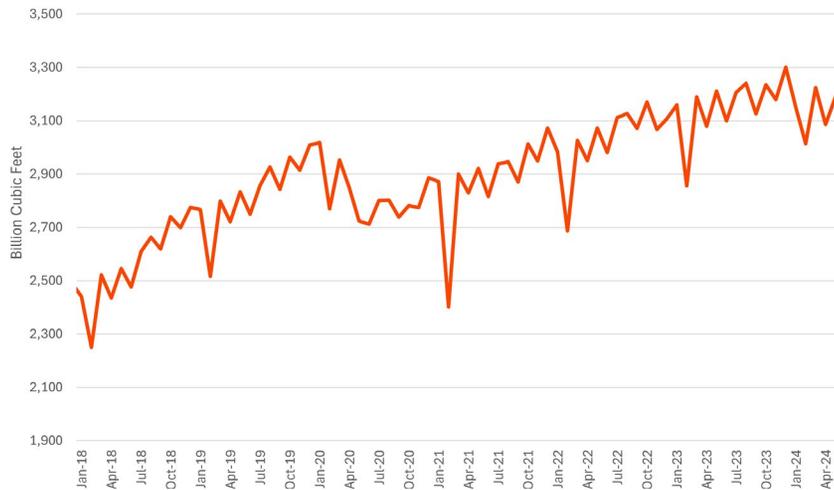
The May contract traded relatively sideways to its expiry on April 26. It traded as high as \$1.885/MMBtu before settling at a low of \$1.614/MMBtu. The NYMEX prompt month experienced a jump into the \$2.00/MMBtu range as June bloomed into its prompt month role.

Storage Inventory



Storage inventory levels remain well above the five-year maximum as a mild winter prevailed through April. The market now looks to production cuts and demand increases to chip away at the oversupply as we enter storage injection season.

U.S. Dry Gas Production



Dry gas production remains depressed from the record highs seen in December and nearly flat to production numbers from this time last year. Producers are keen to curb output until a projected rise in gas prices, though many are positioned to rapidly ramp up production were such price lift to materialize.

News From Gas South

Gas South is proud to be named a 2024 Top Workplace by USA Today. We have been named a Top Workplace in Atlanta by the Atlanta Journal-Constitution for three consecutive years, and this is the first time we have been recognized on a national level. Gas South has employees in 10 states and works to foster a culture of collaboration and an environment where all employees can thrive.

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