

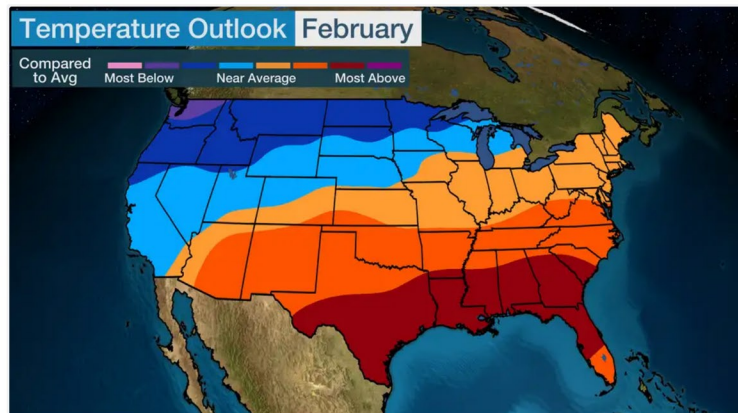
MARKET SUMMARY

BIGGEST FACTORS: WEATHER

If bearish weather holds and production rebounds as expected, pricing may decline as weather fades, supply gains, and a robust storage exit allows the market to look beyond the end of winter.

WEATHER (BEARISH)

TAKEAWAY - Cold weather and strong LNG demand have been bullish near-term fundamental drivers, but forecasts show a change in tune.



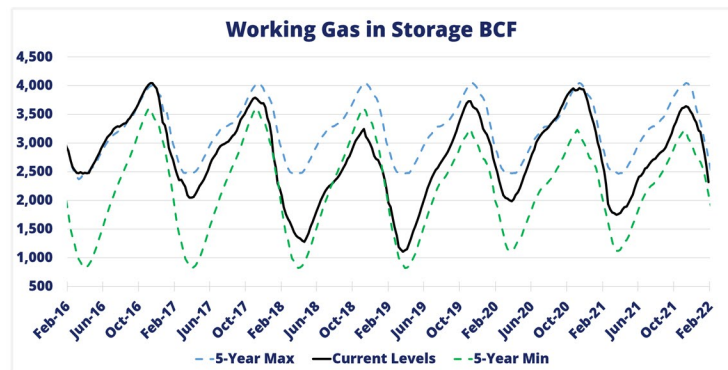
Source: The Weather Company

Texas energy supplies managed the recent Arctic Blast better than February 2021. Power plants did not report any major outages. Renewable energy also did well, with wind energy in particular producing 50% more than expected.

February 2022 is likely to be warmer than average across the southern and eastern U.S. with cooler and wetter conditions favored across the north. Out West, a drier-than-average month is forecast.

STORAGE (BULLISH)

TAKEAWAY - Colder than normal temperatures in early January, along with increased LNG exports and power demand, have erased the storage gains from a warm December.



Source: EIA

Hefty withdrawals and potential new record highs for LNG exports could lend pricing support.

PROCUREMENT TAKEAWAY

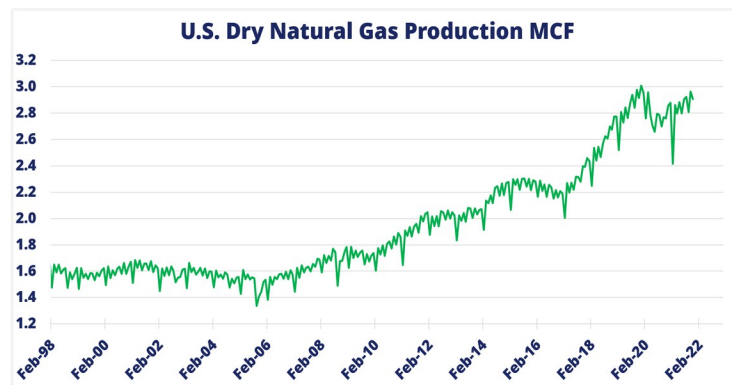
March 2022 may present the first opportune hedging opportunity in months. Be prepared to act quickly and appreciate reduced market pricing. Do not expect record savings if due for a procurement soon.

STORAGE (CONTINUED)

Natural gas stocks are 393 Bcf less than last year at this time and 143 Bcf below the five-year average of 2,466 Bcf. At 2,323 Bcf, total working gas is within the five-year historical range.

PRODUCTION (BEARISH)

TAKEAWAY - Natural gas production is expected to increase as strong gas and oil prices support further drilling.

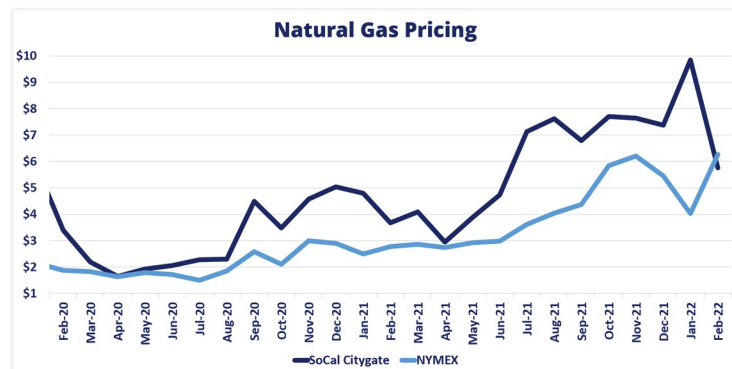


Source: EIA

The Russia-Ukraine standoff has significant implications for global natural gas and LNG markets given Europe's reliance on Russian supply. The Administration says it is working with European allies to find additional supplies from the U.S. in the event Russian flows get disrupted.

After a dip in 2020, the EIA expects U.S. fossil fuel production to continue rising in 2022 and 2023 to reach a new record next year.

PRICING



Source: EIA



