

October 2022 Market Report

By: Eva Kernan

Including market research provided by BUE's analyst team

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NYMEX Natural Gas Pricing

The November 2022 contract settled at \$5.186/MMBtu.

The December 2022 contract was trading around \$5.93/MMBtu (as of publish date).

Natural Gas Storage Report

Current BCF in Storage (2022 vs 2021):

Week Ending	BCF Total	Week Ending	BCF Total
07-Oct-22	3,231	08-Oct-21	3,369
14-Oct-22	3,342	15-Oct-21	3,461
21-Oct-22	3,394	22-Oct-21	3,548
28-Oct-22	3,501	29-Oct-21	3,611

There is about 3% less in underground storage now than there was at this same time last year.

Weather (as of publish date)

6-10 Day: A prolonged stretch of anomalous warmth should finally begin to erode as cold air in western North America attempts to push east.

Above-average warmth is expected across the central and eastern US while colder-than-average temperatures are expected across the western US and Canada.

11-15 Day: A persistent -EPO will end the anomalous warmth and usher seasonably cold air into the central and eastern US, pushing HDDs slightly higher than average.

Average temperatures are expected in the East, but colder temperatures are expected across much of the West, the central US, and west-central Canada.

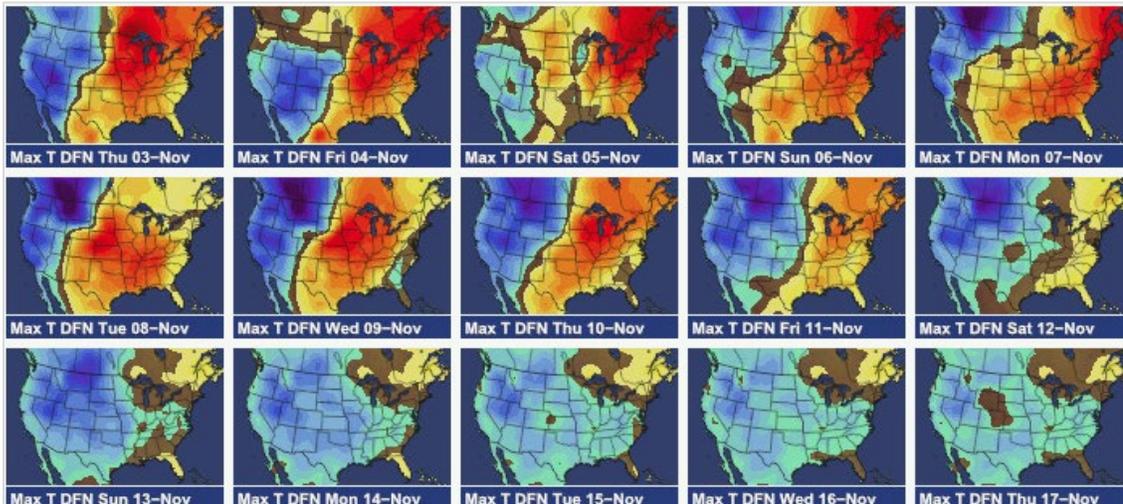


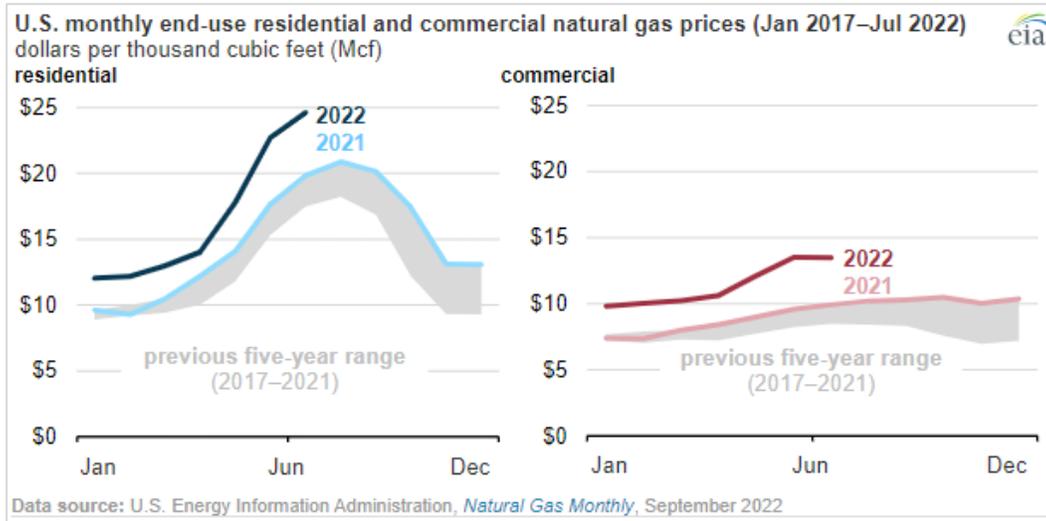
Photo and forecast courtesy of WSI Trader.

Market Updates

Residential and commercial natural gas prices reach multiyear highs in 2022

<https://www.eia.gov/todayinenergy/detail.php?id=54119>

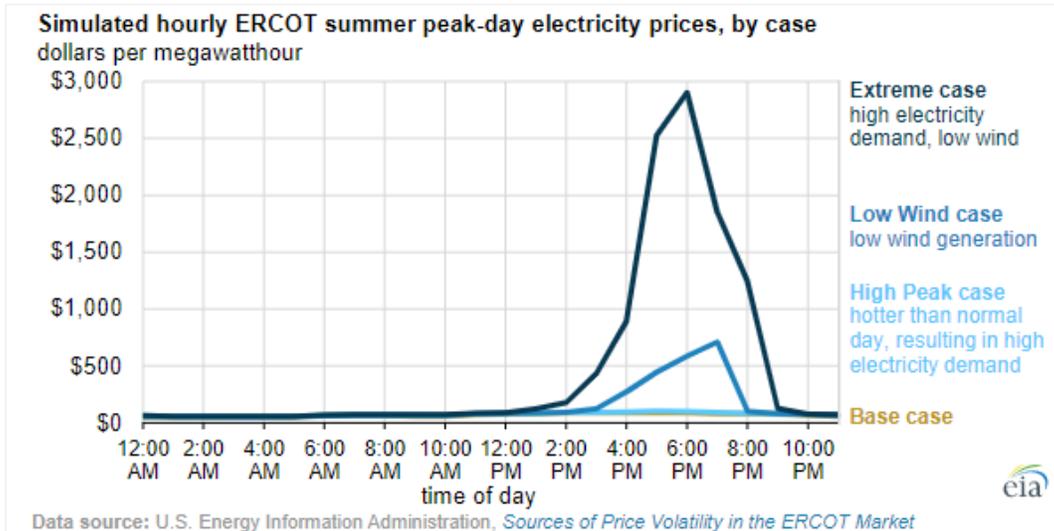
For January–July 2022, the nominal residential price averaged \$13.25 per thousand cubic feet (Mcf), 25% higher than for the same period in 2021. The commercial price averaged \$10.50/Mcf, which was 33% higher. In several months this year, the Henry Hub spot price was essentially double the 2021 price for the same month. Record-high liquefied natural gas (LNG) exports have been a growing source of natural gas demand.



ERCOT electricity prices vary more with changes in wind power than with electricity demand

<https://www.eia.gov/todayinenergy/detail.php?id=54159>

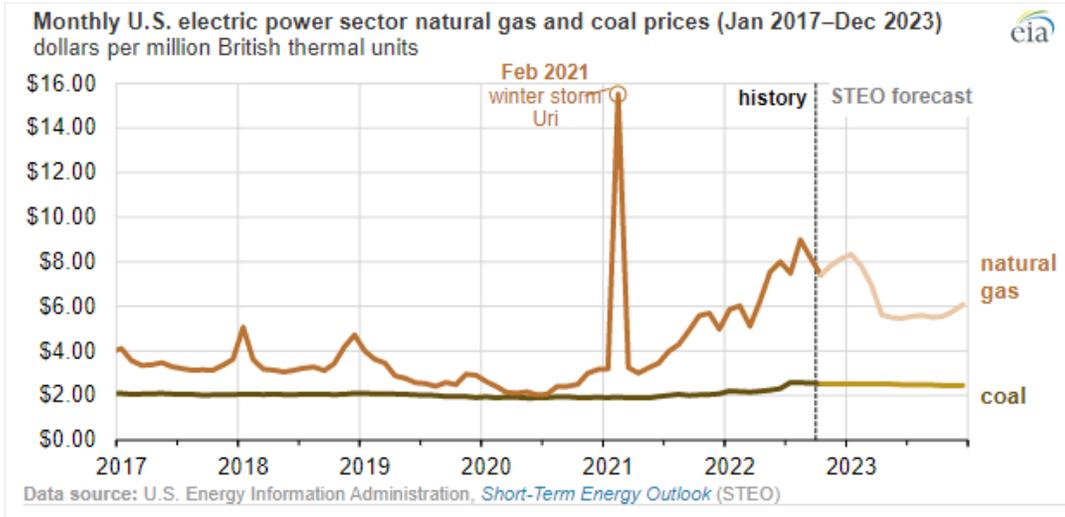
ERCOT's wholesale power market experienced significant peak-load growth in recent years (16% over the last decade) and significantly increased its wind generation (from 9% of the electricity generation mix in 2011 to 24% in 2021). High levels of electricity demand and low wind availability are two significantly factors that raise wholesale prices in ERCOT. When combined, these factors can lead to especially sharp price spikes during summer peak-day conditions.



In 2021 U.S. natural gas-fired power generation declined for the first time in four years

<https://www.eia.gov/todayinenergy/detail.php?id=54459>

After peaking in 2019, the annual US consumption of natural gas has been on a slight decline. Starting with reduced economic activity in 2020 Natural gas was unable to rebound in 2021 as prices doubled and power generators opted to use cheaper fuels such as coal. The broader trend of coal plants being shut down in favor of natural gas generation is expected to continue and annual US consumption should increase by 5% in 2022 reversing this downward trend.



East region working natural gas in storage is the lowest in five years ahead of the 2022–2023 winter heating season

https://www.eia.gov/naturalgas/weekly/archivenew_ngwu/2022/10_20/

As we move into the 2022-2023 winter heating season the east region of the United States (from Florida to Maine) is 9 percent below the five-year average compared to 3% below the five-year average a year ago. The deficit resulted from this past summer being the third hottest on record making it difficult to inject while meeting generation demand. As LNG capacity and local production increased the northeast has become less reliant on natural gas storage to meet winter demand.

