

March 2023 Market Report

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Including market research provided by BUE's analyst team

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NYMEX Natural Gas Pricing

The April 2023 contract settled at \$1.991 /MMBtu.

The May 2023 contract was trading around \$2.02/MMBtu (as of publish date).

Natural Gas Storage Report

Current BCF in Storage (2022 vs 2021):

Week Ending	Total BCF	Week Ending	Total BCF
10-Mar-23	1,972	11-Mar-22	1,440
17-Mar-23	1,900	18-Mar-22	1,389
24-Mar-23	1,853	25-Mar-22	1,415
31-Mar-23	1,830	01-Apr-22	1,382

There is about 32% more in underground storage now than there was at this same time last year.

Weather (as of publish date)

6-10 Day: Anomalous spring warmth will significantly reduce late-season HDDs.

Spring warmth is expected across the Northeast, Great Lakes, Midwest, Plains, and Rockies. The West and the southern tier are more likely to be cooler than normal.

11-15 Day: Highly anomalous spring warmth will erode, giving way to fluctuating seasonable conditions.

Above-average are expected across the central and eastern US while cooler-than-average conditions are expected to continue in the West.

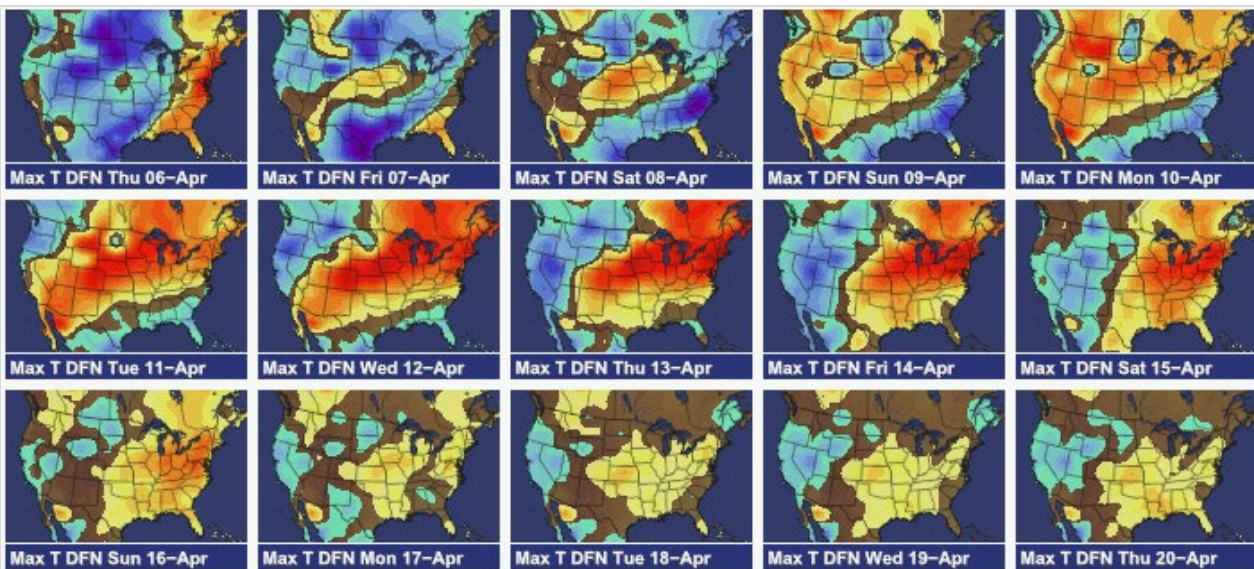


Photo and forecast courtesy of WSI Trader.

Market Updates

Spring Outlook: California drought cut by half with more relief to come

<https://www.noaa.gov/news-release/spring-outlook-california-drought-cut-by-half-with-more-relief-to-come>

After almost two years, NOAA forecasters declared La Nina over. La Nina occurs when ocean temperatures are cooler than normal. This results in sparse rainfall in the eastern to central Pacific Ocean, causing drought conditions mainly in the western US. However, with an abnormally wet winter, drought conditions will further improve as the snowpack melts in the coming months.

In addition, the above normal snowpack, combined with elevated soil moisture, increases the threat of spring flooding especially at high elevations. There is a risk for flooding in most of the eastern half of the continental United States, particularly in the Mississippi River Basin.

March 2023 ENSO update: no more La Niña!

<https://www.climate.gov/news-features/blogs/march-2023-enso-update-no-more-la-ni%C3%B1a>

Forecasters are very confident that neutral conditions will remain through the spring. Many computer climate models are predicting a transition into El Niño sometime later this year. However, ENSO events peak in the winter and slow down or even transition in the spring, so models often don't have a lot of strong signals to go on.

U.S. natural gas consumption set nine monthly records and an annual record in 2022

<https://www.eia.gov/todayinenergy/detail.php?id=55800>

In 2022, natural gas consumption averaged a record 88.5 Bcf per day; the highest since the EIA began recording this data in 1949. This resulted in an increase of 5% from 2021, the second-fastest year-over-year growth since 2013. Natural gas consumption peaked in January 2022 – residential and commercial sectors, together, consumed 9% more while the electric power sector consumed 10% more than in January 2021 – and July 2022.

Europe was the main destination for U.S. LNG exports in 2022

<https://www.eia.gov/todayinenergy/detail.php?id=55920>

Exports of LNG averaged 10.6 Bcf per day in 2022, increasing by 9% compared with 2021. The increase in exports was driven by strong LNG demand in Europe, high international natural gas prices, and expanded US liquefaction capacity. LNG exports to Europe increased 141% compared with 2021. US LNG exports to Europe increased as a result of supply challenges in Europe after Russia's pipeline exports to the region declined and higher prices at Europe's natural gas trading hubs relative to other LNG markets.

PJM plans capacity auction delays as it develops market reforms to bolster resource adequacy

<https://www.utilitydive.com/news/pjm-capacity-auction-delaymarket-reform-elliott/646130/>

The PJM Interconnection plans to delay its upcoming capacity auctions so they can include pending market reforms aimed at making sure power supplies are available when needed. The push for change came after widespread power plant outages during the winter storm in December and a report showing the grid operator could face narrow reserve margins in 2028. The next auction is set for June and PJM aims to file proposed market reforms for FERC's approval by Oct. 1.