

### MARKET SUMMARY

#### BIGGEST FACTORS: WEATHER & GEOPOLITICAL EVENTS

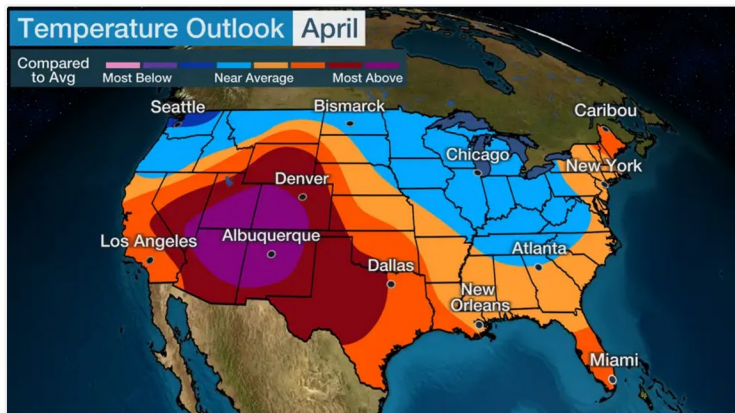
Strong LNG demand, drought, and geopolitical headlines remain bullish price drivers. The springtime price relief that energy users have come to expect will likely not be realized.

#### PROCUREMENT TAKEAWAY

Long-term deals are more cost effective than short-term ones. Risk can be mitigated with a diversified buying strategy. Many facilities are avoiding supplier premiums by relying on index-heavy strategies.

#### WEATHER (BULLISH)

**TAKEAWAY** - The historically favorable springtime natural gas pricing facilities are used to seeing is unlikely to materialize this season.



Source: The Weather Company

Nearly 89% of the West and 58% of the total U.S. remain in drought. The West's conditions are unlikely to improve in April, with the outlook favoring a warmer-than-average month for much of the country.

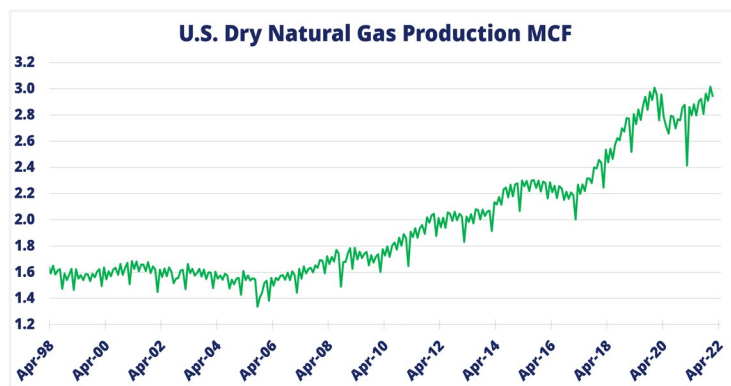
Natural gas prices typically decline in spring as heating and cooling loads are minimized. But, not this year - thanks to record export volumes and promises from the Administration to supplant Russian supply in Europe, prices are on the rise.

#### STORAGE (CONTINUED)

Bullish price pressure will remain as suppliers carry a concern of being short through winter 2022-23.

#### PRODUCTION (BULLISH)

**TAKEAWAY** - The U.S. is shipping more natural gas than ever overseas, which is keeping domestic inventories lean and power prices high.



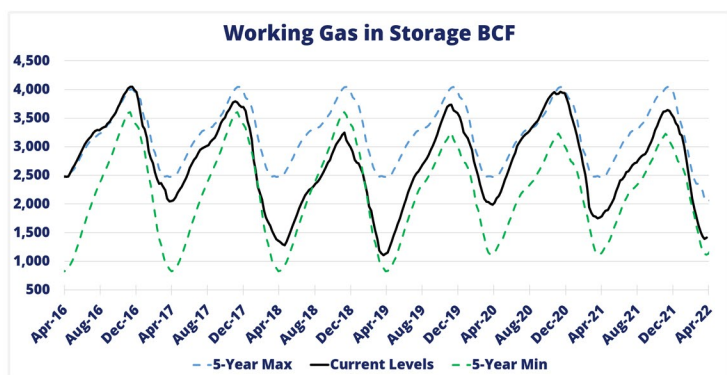
Source: EIA

Russian sanctions have presented an urgent European need for alternative sources of natural gas. As such, U.S. gas demand will be primarily driven by U.S. LNG export capacity additions going forward.

Average production was 93.8 Bcf per day in March. Daily triple digits production numbers are needed to have a material pricing impact.

#### STORAGE (BULLISH)

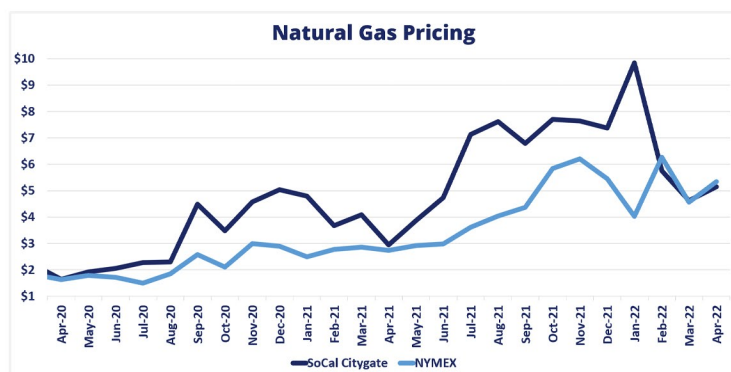
**TAKEAWAY** - Storage figures will start the refill season 20% below year-ago levels and 15% below the five-year average.



Source: EIA

A notable storage deficit will place increased pressure on energy prices in summer when extreme heat materializes.

#### PRICING



Source: EIA

### IN THE NEWS

In the EIA's Annual Energy Outlook, they analyzed the effects on the energy market if no additional U.S. natural gas pipeline capacity is built between 2024 and 2050. In the No Interstate Natural Gas Pipeline Builds case, they project 5% less natural gas production and 4% less natural gas consumption in 2050 compared with the Reference case. They also project that the Henry Hub spot price in 2050 would be 11% higher in that case than in the Reference case.

The higher natural gas prices that result from capacity constraints primarily affect natural gas consumption in the U.S. electric power sector, which is more price-sensitive than the residential, commercial, and industrial sectors. In the No Interstate Natural Gas Pipeline Builds case, they project 11% less natural gas-fired generation in the United States during 2050 than in the Reference case. Higher natural gas prices make natural gas less economical for electric power generation compared with alternative sources, such as coal or renewables.

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Germany has again come under fire from its Western European and U.S. allies for hesitating to cut business ties with Russia.

Chancellor Olaf Scholz and his government maintained Germany will continue to buy billions of dollars' worth of natural gas and oil from Russia each week for the foreseeable future to keep German car companies and factories operating at full throttle, even though critics in Ukraine and the West argue that the \$220 million Germany sends to Moscow every day for Russian energy is being used, at least indirectly, to finance its war against Ukraine.

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New York Governor Kathy Hochul's office is expected to release a budget that will ban the use of natural gas and fossil fuels in new buildings.

The reported plan would align with the governor's overarching aims to reduce carbon emissions through green initiatives. Earlier this year, the governor announced a plan that would require zero on-site greenhouse gas emissions for new construction no later than 2027.

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France was the top destination for US LNG cargoes in March as Europe began refilling storage after inventories bottomed out and as Russia's war in Ukraine raised fears of pipeline gas disruptions. Spain was a close second, followed by the UK.