

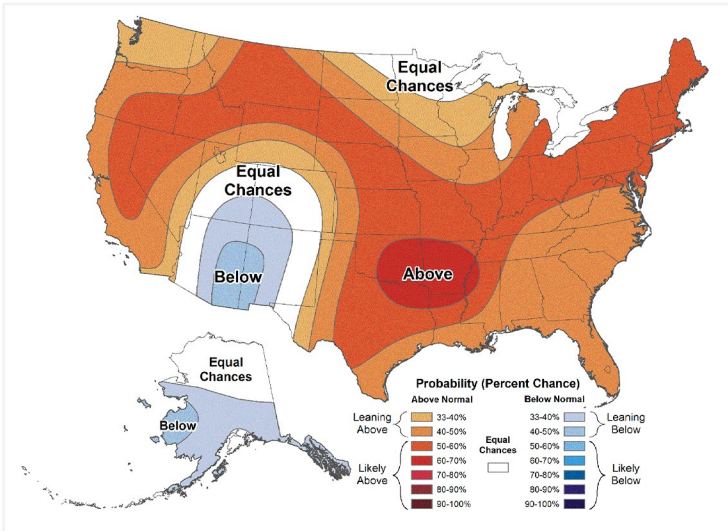
MARKET SUMMARY

BIGGEST FACTORS: WEATHER, SUPPLY & DEMAND

Fundamentals remain bullish, with modest storage deficits, nominal monthly production growth, and medium-term LNG growth on track.

WEATHER (BULLISH)

TAKEAWAY - Heat has been the story of the summer and remains a bullish pricing driver. It is a lingering threat for many utilities.



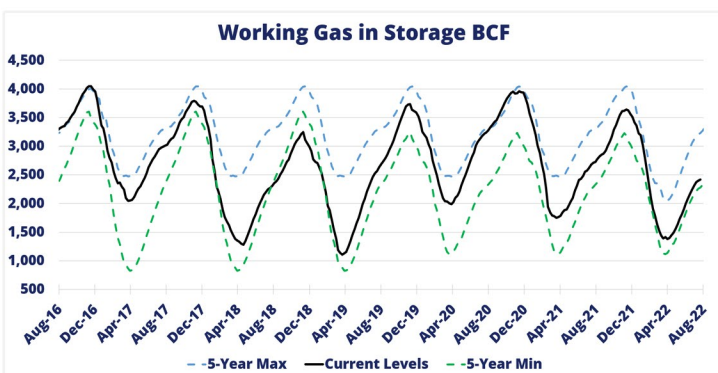
Source: National Oceanic & Atmospheric Administration (NOAA)

June's average global temperature continued 2022's warm trend, as both the month and the year so far rank as the sixth warmest on record.

Sixteen predictions by NOAA, the European Union, and several academic research centers predicted an average of 18 named storms during the 2022 Atlantic Hurricane season. As of August 1, only three Tropical Storms have been named, and none have become hurricanes.

STORAGE (BULLISH)

TAKEAWAY - After notable storage gains in June, weak July injections are doing no favors to a bullish gas market.



Source: EIA

PROCUREMENT TAKEAWAY

Prices have surged with news that Freeport LNG plans to resume operation in October. The swift market change proves the need for an expert like Ecom-Energy to regularly monitor conditions on your behalf.

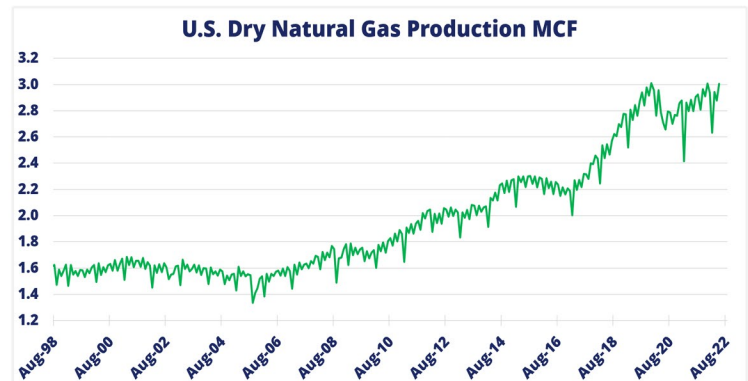
STORAGE (CONTINUED)

As of July 29, working gas in storage was 268 Bcf less than last year at this time and 337 Bcf below the five-year average.

Portions of the U.S. that rely on natural gas from out of the region may see greater winter volatility.

PRODUCTION (NEUTRAL)

TAKEAWAY - The United States became the world's largest liquefied natural gas (LNG) exporter during the first half of 2022.

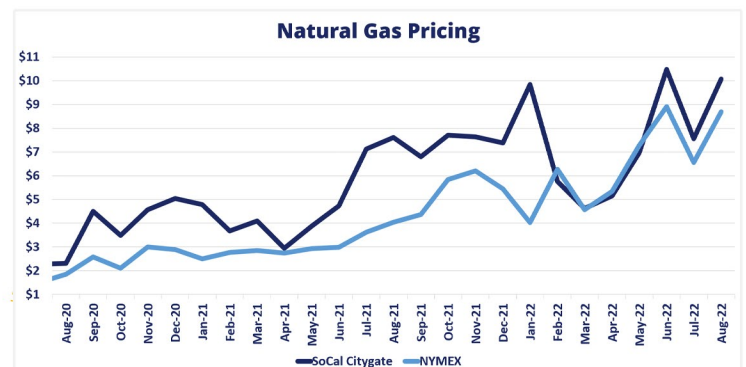


Source: EIA

The EIA's Drilling Productivity Report noted an overall increase in natural gas production across many regions from July to August. Yet, with more and more LNG heading to Europe, customers shouldn't expect any major surplus/price relief.

PRICING

TAKEAWAY - A consent agreement was reached between Freeport and the Pipeline Hazardous Materials Safety Administration (PHMSA), spiking prices dramatically on August 3.



IN THE NEWS

US natural gas prices surged after a key export terminal in Texas reached an agreement with regulators to restart as soon as October after an explosion.

Freeport LNG, which was shut down in June after a blast, has entered into an agreement with the Pipeline and Hazardous Materials Safety Administration to resume operations in early October at almost full capacity. That would boost demand for natural gas by nearly 2 billion cubic feet a day, equivalent to roughly 2% of domestic output.

--

NRG Energy, Inc. is co-opting a key strategy that sped the growth of wind and solar farms to build new natural gas-fired power plants.

The electricity retailer is seeking investors to fund new gas plants that would mostly be used during high-demand hours, including in Texas. NRG wouldn't own the plants, but instead buy their output under long-term contracts - deals that can hedge against high power prices on days of high electrical demand.

--

Entire supply and production chains could collapse should Russian natural gas supply to Germany fall further, German chemicals giant Covestro stated.

"Due to the close links between the chemical industry and downstream sectors, a further deterioration of the situation is likely to result in the collapse of entire supply and production chains."

If gas supply is rationed this year, "this could result in partial load operation or a complete shutdown of individual Covestro production facilities, depending on the level of the cutback," said the chemicals giant, whose German sites account for around a quarter of its production capacity globally.

--

Russian state-energy giant Gazprom saw its daily natural-gas production slump to its lowest level since 2008, according to a Bloomberg calculation published on Monday. The fall in output came as Russia slowed gas flows to Europe, citing technical challenges arising from sanctions over the Ukraine war.

Gazprom's production in July was 774 million cubic meters a day — 14% lower than in June, according to Bloomberg calculations. The company's production this year-to-date is 12% lower than the same period in 2021.

Overall, Gazprom's July exports to countries outside the former Soviet Union dropped about a quarter from June, even as daily supply to China increased steadily.

--

U.S. pipeline operators and developers have recently announced five natural gas pipeline projects which are expected to increase the takeaway capacity from the Permian basin to demand centers near the U.S. Gulf Coast.

Four newly announced projects and one optimization project under construction are set to boost takeaway capacity by a combined 4.18 billion cubic feet per day (Bcf/d) over the next two years.