

NATURAL GAS REPORT FOR FEBRUARY 2024

FUTURES PRICES¹

The natural gas futures market prices continued to fluctuate throughout the month. The market prices stayed relatively high early in the month but trended downward and declined for most of the rest of the month. Weather, demand and supply continued to affect the market prices. On February 1, the NYMEX March contract settled at \$2.050, a decrease of 5 cents from the previous day. The March contract settled at \$2.082 per MMBtu on February 5, the highest settlement for the contract in the month. An updated weather forecast calling for a chilly ending to February may have triggered a modest increase in the market prices. But mild temperatures in late January persisted in February and kept the market prices from further rising. The market prices declined through the middle of the month. For example, the March contract settled at \$1.917 per MMBtu on February 8, close to the lowest front month contract to date since September 2020. The market prices continued to decline and the March contract settled at \$1.768 per MMBtu on February 12, followed by \$1.689 per MMBtu on the next day, nearly the lowest front month settlement to date since July 2020. The decline in the market prices continued and the March contract eventually settled at \$1.576 per MMBtu, the lowest settlement in the month, on February 20. Persisting mild temperatures that reduced heating demand, a near record high natural gas production and a rebounding natural gas storage surplus, among other factors, may have contributed to the decline in the market prices. Adding to the decline in the market prices may have been a continued outage in part of Freeport LNG facilities damaged from the winter storm in January. The March contract settled at \$1.773 per MMBtu, almost a 20 cent-increase from the previous day, on February 21. The increase may have been attributable, in part, to an announcement of natural gas production cut by a major producer. But the March contract resumed declining and settled at \$1.603 per MMBtu on February 23. The March contract eventually expired at \$1.615 per MMBtu on February 27, a decline of more than 4 cents from the previous trading day. Although a return of seasonal weather was expected it was not enough to offset other factors depressing the market prices. March and February contracts were closed at NYMEX at a price of \$1.615 and \$2.490 per MMBtu, respectively. The March price was 34% lower while the February price was 20% lower, respectively, than those of last year. The March contract expired at \$1.615 per MMBtu on February 27, compared to \$2.050 per MMBtu at the beginning of the month. On March 14, the NYMEX April futures were at \$1.741 per MMBtu compared to \$2.573 per MMBtu last year.

U.S. STORAGE LEVELS²

Overall, the temperature in the month was above the historical average across the country. In fact, it ranked as the third warmest February of the 130-year period of record, according to the National Oceanic and Atmospheric Administration (NOAA). Although steady storage withdrawals occurred in the month, resulting in the total withdrawal of 285 Bcf, they are much less compared to the five-year

¹ Data Source: WSJ, CME

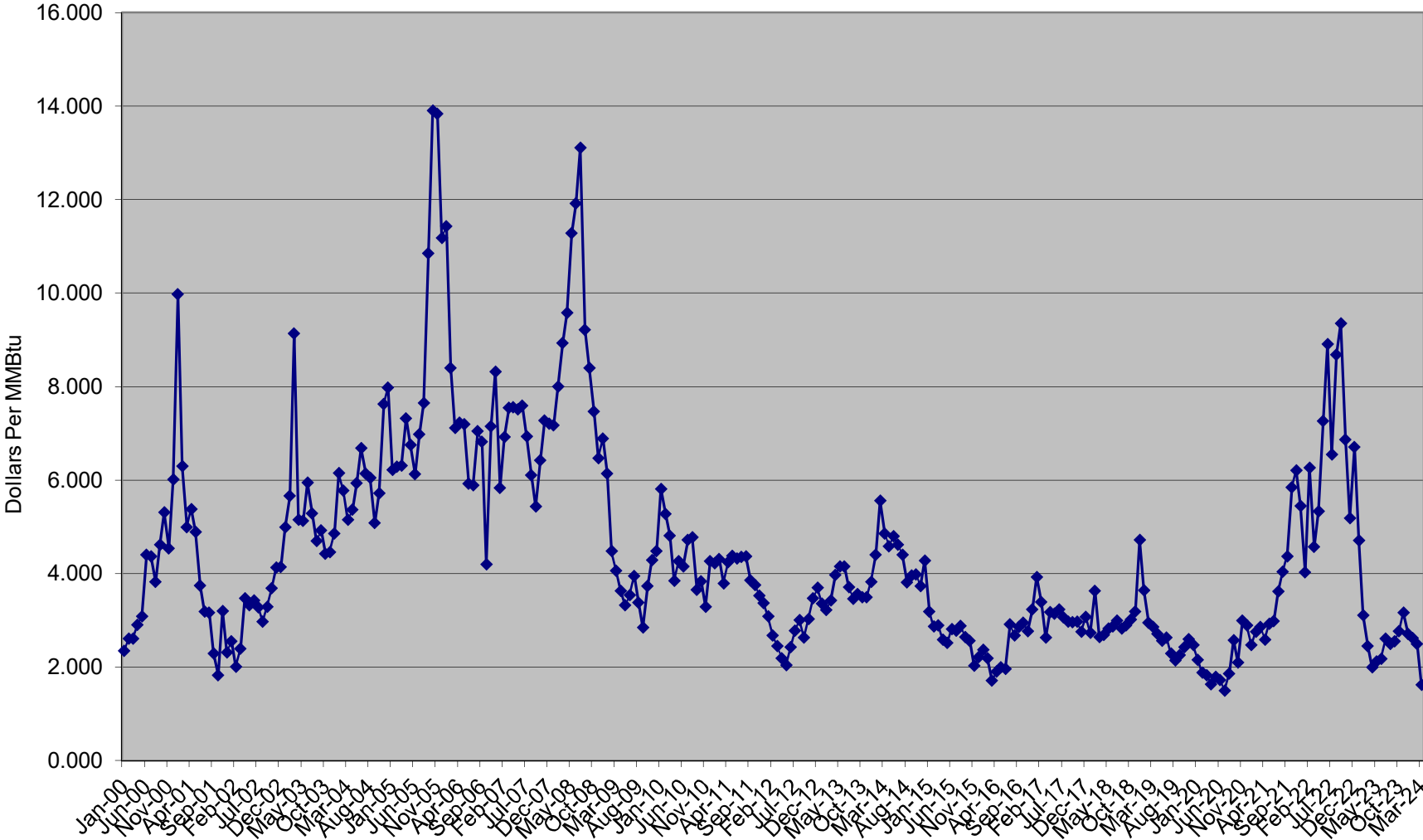
² Energy Information Administration's Natural Gas Weekly Update

(2019-2023) historical average withdrawal of 653 Bcf and last year's withdrawal of 479 Bcf, respectively for the first four weeks of the month of February. Additionally, each weekly withdrawal during the month was much lower than historical average. For example, there was a withdrawal of 75 Bcf for the week ending February 2, compared to withdrawals of 193 Bcf and 208 Bcf for the five-year (2019-2023) historical average and last year's, respectively for the same period, followed by a drawdown of 54 Bcf for the week ending February 9, compared to withdrawals of 149 Bcf and 117 Bcf for the five-year (2019-2023) historical average and last year's, respectively for the same period. The much smaller than average withdrawals may have been in part attributable to mild weather that weighed on heating demand. Additionally, a recovery in the natural gas production from freeze-offs in mid-January may also have contributed to the relatively low storage withdrawals. As a result, the storage surplus to the five-year average that fell sharply in January due to a spell of freezing weather in much of the country resumed widening again. The much less than the historical average storage withdrawals continued in the second half of the month as the storage level declined by 60 Bcf, compared to the historical average of 168 Bcf for the week ending February 16. Despite the largest withdrawal of the month when the inventory declined by 96 Bcf from rising heating demand for the week ending February 23, it was less than the historical average withdrawal of 143 Bcf for the same period though it was higher than last year's withdrawal of 79 Bcf. Subsequently, the storage surplus to the historical average continued to widen. The total storage inventories in the U.S. as of February 23 are 2,374 Bcf, 498 Bcf higher than the five-year average and 248 Bcf more than last year's level. The average rate of withdrawals from storage so far in the withdrawal season (November through March) is 18% lower than the five-year average, according to the US Energy Information Administration.

SUMMARY

The wholesale price of the natural gas commodity was fully deregulated by the federal government in 1993. Local natural gas distribution companies (LDCs) do not produce the gas they sell but purchase it on an open market at market prices. The Missouri Public Service Commission (PSC) does not regulate the price of the natural gas commodity, but does monitor LDC purchasing decisions. The PSC continues to review the gas purchasing practices of the distribution companies in terms of reasonableness and prudence.

Monthly Natural Gas Prices



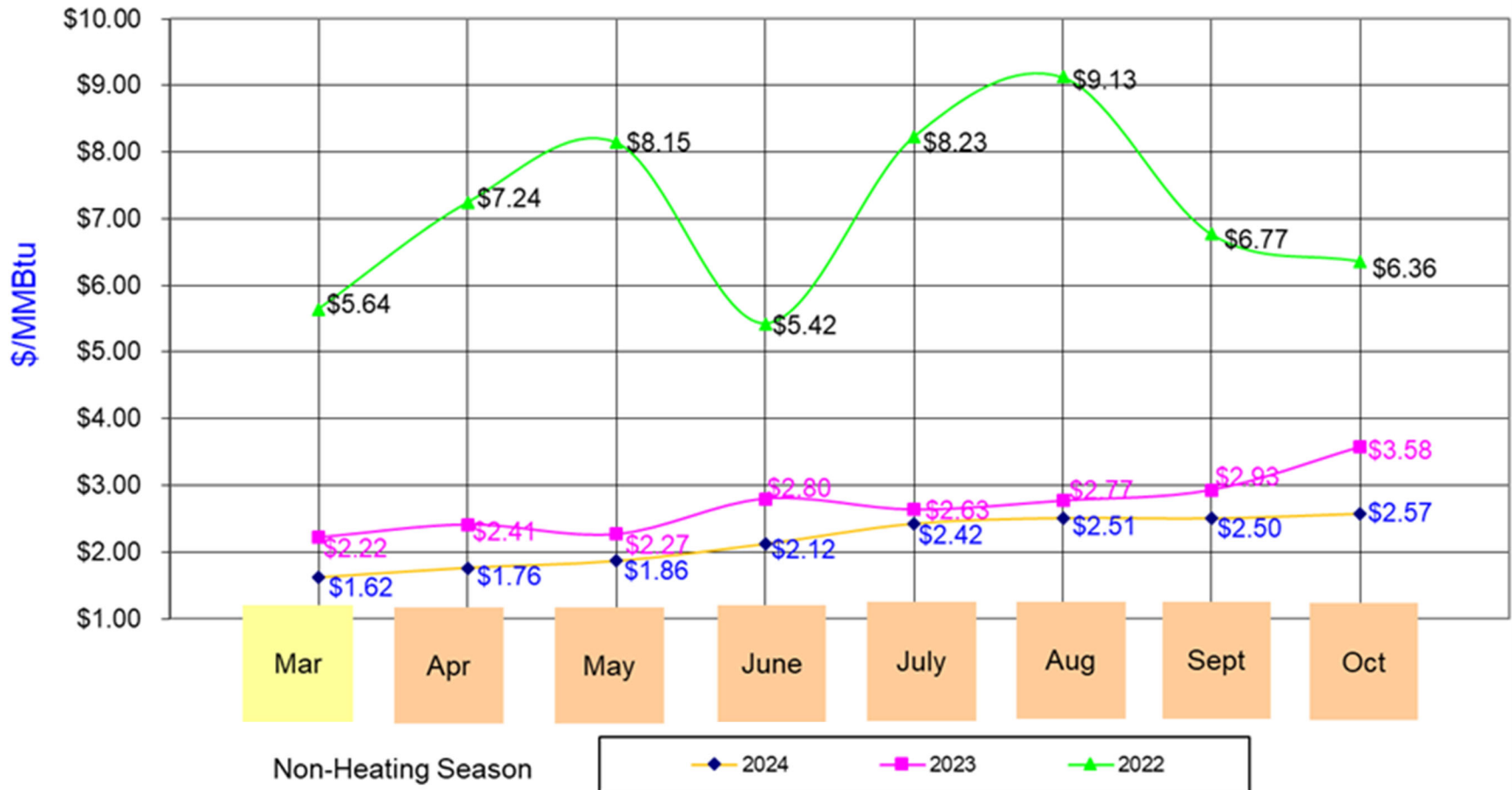
Note 1: 1 Million British Thermal Unit(MMBtu) is approximately equal to 1,000 cubic feet
Note 2: Monthly Natural Gas Prices Based on the New York Mercantile Exchange(NYMEX) Expiration Prices, Source:WSJ

NYMEX Natural Gas Commodity Price

Historical Month Price on the Last Trading Day of the Month

Current Month Price on Last Day Traded, 2/27/2024

Future Month Price on 3/11/2024



Missouri PSC, Procurement Analysis.
Data Source: NYMEX Henry Hub Natural Gas Settlement Price via TradingCharts.com