

# NATURAL GAS REPORT FOR MARCH 2024

## FUTURES PRICES<sup>1</sup>

The natural gas futures market prices continued to fluctuate throughout the month though the prices trended downward during the month. The market prices stayed relatively high early in the month but declined for most of the rest of the month. Weather, demand and supply continued to affect the market prices. On March 4, the NYMEX April contract settled at \$1.916 per MMBtu, an increase of 8.1 cents from the previous day, followed by a rise of 4.1 cents at \$1.957 per MMBtu, the highest settlement for the contract in the month, on March 5. A production cut in Appalachian regions in response to low market prices from warm weather with a high storage inventory level, in part, may have contributed to the rise in the market prices. But the market prices declined for most of the rest of the month. On March 7, the April contract settled at \$1.818 per MMBtu, a decline by more than 11 cents from the previous trading day and the market prices continued to fall and the April contract settled at \$1.658 per MMBtu on March 13 as unseasonably mild weather depressed heating demand with rising natural gas storage inventory levels. Despite a powerful winter storm in the mountain west in the middle of the month, it was short lived. Adding to the decline in the market prices may have been a continued outage in part of Freeport LNG facilities. The futures market prices increased on March 18 and 19 as the April contract settled at \$1.744 per MMBtu on March 19 when weather forecasts calling for chilly temperatures late in the month were expected to increase heating demand. But a steady balance between supply and demand with a historic high storage inventory level kept the market prices from further rising. The market prices continued to decline and the April contract settled at \$1.615 per MMBtu on March 25. Persisting mild temperatures that reduced heating demand, a near record high natural gas production and a relatively large natural gas storage surplus, among other factors, may have contributed to the decline in the market prices. The April contract eventually settled at \$1.575 per MMBtu on March 26, a decline of 4 cents from the previous trading day and the lowest settlement for the contract in the month. April and March contracts were closed at NYMEX at a price of \$1.575 and \$1.615 per MMBtu, respectively. The April price was 21% lower while the March price was 34% lower, respectively, than those of last year. The April contract expired at \$1.575 per MMBtu on March 26, compared to \$1.835 per MMBtu at the beginning of the month. On April 16, the NYMEX May futures were at \$1.732 per MMBtu compared to \$2.114 per MMBtu last year.

## U.S. STORAGE LEVELS<sup>2</sup>

Overall, the temperature in the month was above the historical average across the country. In fact, it ranked as the 17<sup>th</sup> warmest March of the 130 year-period of record and for the January-March period, it was the fifth warmest on record for the period, according to the National Oceanic and Atmospheric Administration (NOAA). Although steady storage withdrawals occurred in the month except for the week ending March 15 when rare injections occurred, resulting in the monthly total withdrawal of

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<sup>1</sup> Data Source: WSJ, CME

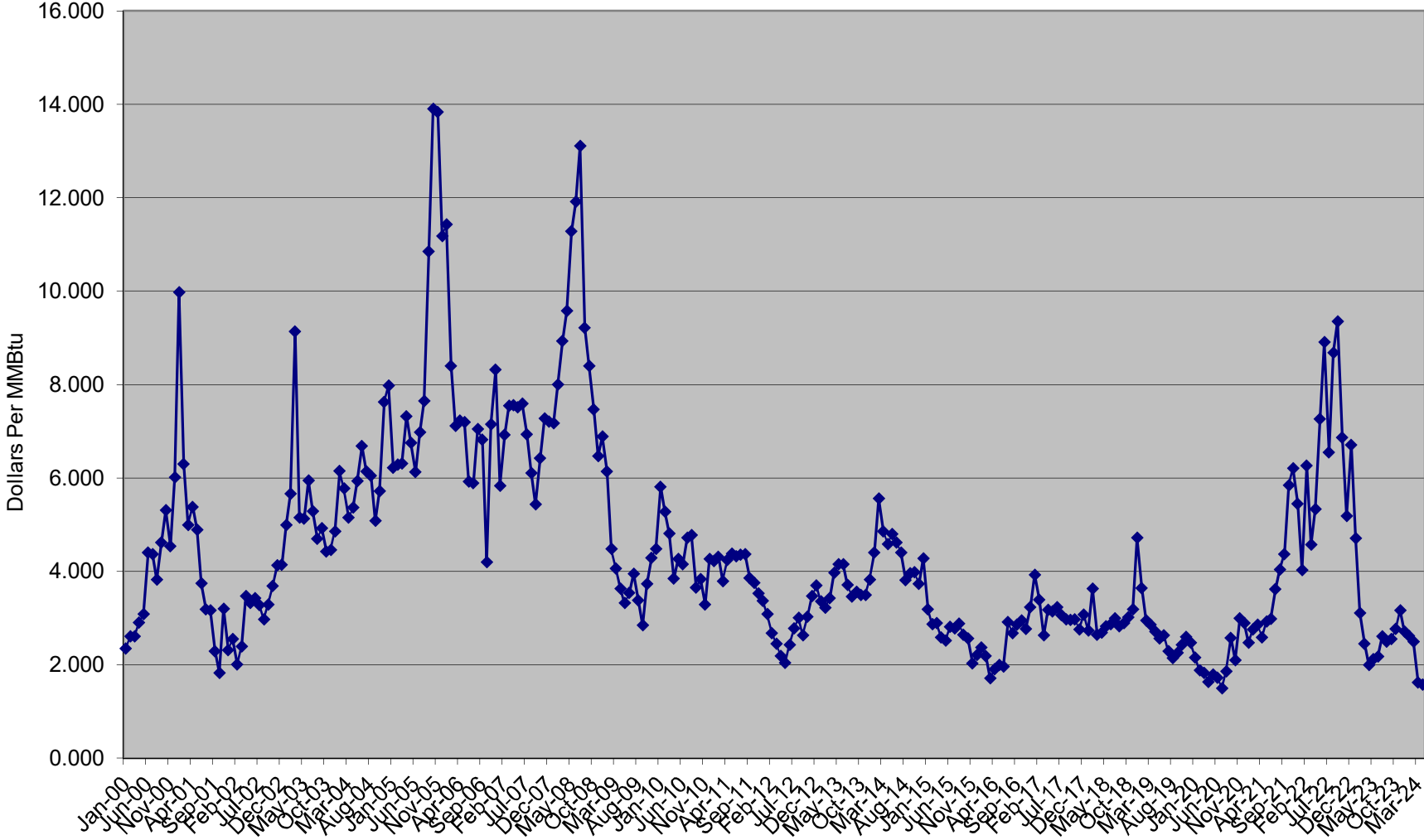
<sup>2</sup> Energy Information Administration's Natural Gas Weekly Update

115 Bcf, they are much less compared to the five-year (2019-2023) historical average withdrawal of 250 Bcf and last year's withdrawal of 289 Bcf, respectively during the month. Additionally, weekly withdrawals for the first half of the month were much lower than the historical average. For example, there was a withdrawal of 40 Bcf for the week ending March 1, compared to withdrawals of 93 Bcf and 72 Bcf for the five-year (2019-2023) historical average and last year's, respectively for the same period, followed by a drawdown of 9 Bcf for the week ending March 8, compared to withdrawals of 87 Bcf and 65 Bcf for the five-year (2019-2023) historical average and last year's, respectively for the same period. Then, for the week ending March 15, there was an injection of 7 Bcf, compared to withdrawals of 42 Bcf and 68 Bcf for the 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 from an early beginning to spring that weighed on heating demand. Additionally, a decline in LNG feedgas deliveries may also have contributed to the relatively low storage withdrawals. As a result, the storage surplus to the five-year average continued to widen. Nevertheless, the seven consecutive less than the historical average storage withdrawals came to an end for the week ending March 22 when the storage level declined by 36 Bcf, compared to the historical average withdrawal of 27 Bcf for the same period. Furthermore, the storage inventory declined by 37 Bcf for the last week of the month, compared to withdrawals of 1 Bcf and 29 Bcf for the historical average and last year's, respectively for the same period, attributable in part to chilly temperatures late in the month. As a result, the storage surplus to the historical average narrowed. The total storage inventories in the U.S. as of March 29 are 2,259 Bcf, 633 Bcf higher than the five-year average and 422 Bcf more than last year's level.

## **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



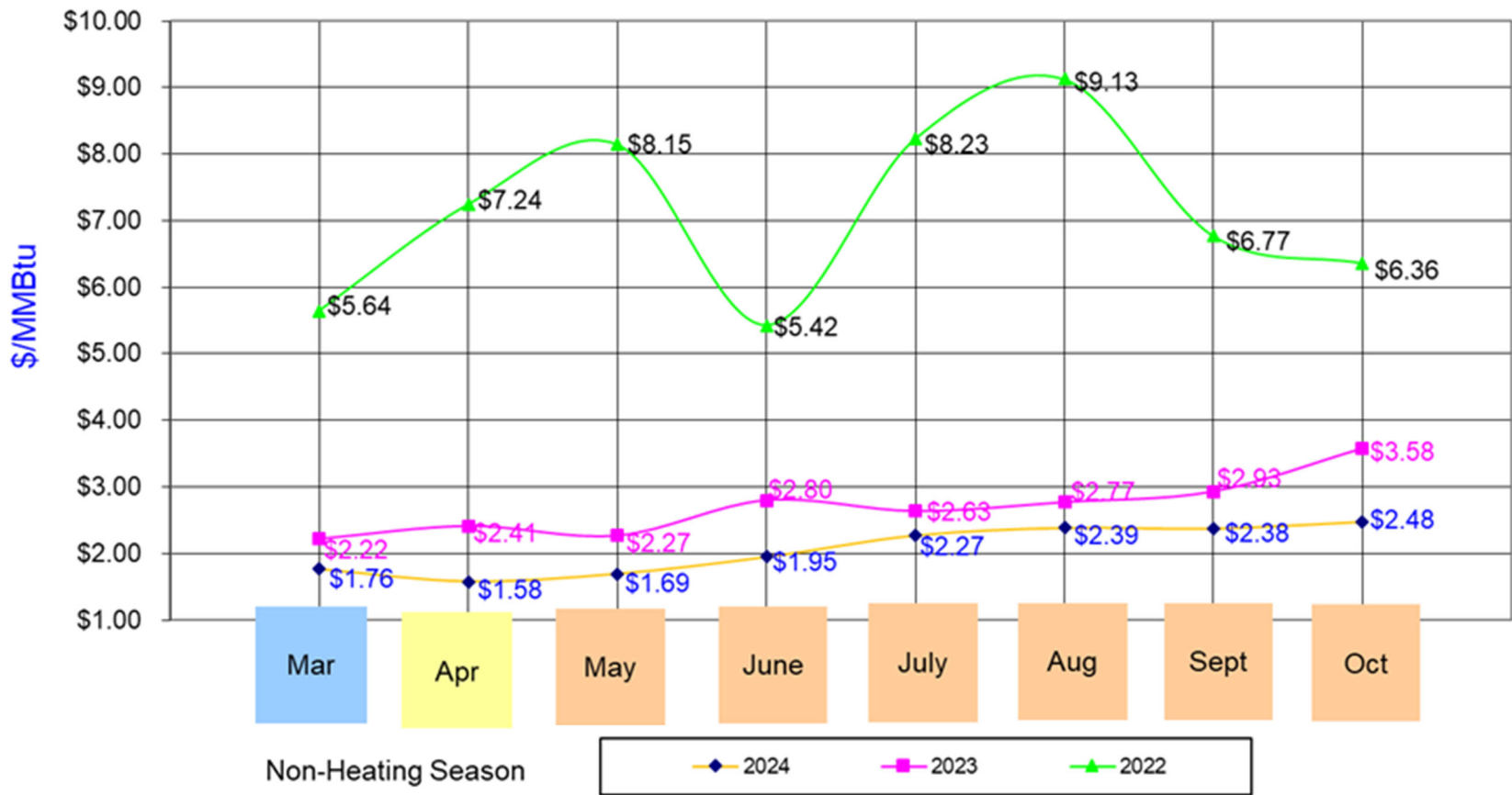
Note 1: 1 Million British Thermal Unit(MMBtu) is approximately equal to 1,000 cubic feet  
 Note 2: Monthly Natural Gas Prices Based on the New York Mercantile Exchange(NYMEX) Expiration Prices, Source:WSJ

# NYMEX Natural Gas Commodity Price

Historical Month Price on the Last Trading Day of the Month

Current Month Price on Last Day Traded, 3/26/2024

Future Month Price on 4/15/2024



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