

# NATURAL GAS REPORT FOR JANUARY 2024

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

The natural gas futures market prices continued to fluctuate throughout the month. The market prices increased in the first half of the month but trended down toward the end of the month. Weather, demand and supply continued to affect the market prices. On January 2, the NYMEX February contract settled at \$2.586 per MMBtu, a more than 5 cent increase from the previous trading day. The February contract continued to increase, settling at \$2.893 per MMBtu on January 5, the highest front month settlement to date since November 24, 2023. Cold weather and snow from the Rockies moving east, among other factors, may have increased the market prices. The February contract increased persistently thereafter, settling at \$3.190 per MMBtu on January 9, the highest front month settlement to date since mid-November 2023. The rise in the market prices may have been attributable, among other factors, to below average temperatures and freezing cold weather expected in the coming weeks to boost heating demand. The February contract eventually reached \$3.313 per MMBtu on January 12, an increase of more than 21 cents from the day prior and the highest settlement in the month as an Arctic blast was expected to blanket much of the country during the US Martin Luther King holiday weekend. Then, the market prices declined and continued to fall for the rest of the month except for a few days toward the end of the month. For example, the February contract settled at \$2.900 per MMBtu on January 16, a decrease of 41.3 cents from the previous trading day. The market prices continued to decline and the February contract eventually settled at \$2.419 per MMBtu on January 22, a five-week lowest for a prompt month contract and the lowest settlement in the month, largely driven by the mid-month Arctic cold coming to an end and updated weather forecasts calling for above normal temperatures toward the end of the month. The February contract declined almost 90 cents over nearly a span of week after reaching a two-month high at over \$3.300 per MMBtu on January 12 amid seasonal high heating demand. Although the February contract price increased the next few days, the market prices eventually resumed declining at the end of the month. The February contract settled at \$2.490 per MMBtu on January 29, more than a decline of 22 cents from the previous trading day. Near term mild temperature forecasts that could lower heating demand may have, among other factors, contributed to the decline in the market prices. Adding to the decline in the market prices were US natural gas production back on line from mid-January freeze-offs and uncertainty over the restart of a Freeport LNG export facility damaged from the mid-month sub-freezing cold. February and January contracts were closed at NYMEX at a price of \$2.490 and \$2.619 per MMBtu, respectively. The February price was 20% lower while the January price was 44% lower, respectively, than those of last year. The February contract expired at \$2.490 per MMBtu on January 29, compared to \$2.568 per MMBtu at the beginning of the month. On February 15, the NYMEX March futures were at \$1.581 per MMBtu compared to \$2.471 per MMBtu last year.

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

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

Overall, the temperature in the month was above the historical average across the country. It ranked in the middle third of Januarys of the 130-year period of record, according to the National Oceanic and Atmospheric Administration (NOAA). Steady and yet robust storage withdrawals occurred in the month, resulting in the total withdrawal of 817 Bcf, compared to the five-year (2019-2023) historical average withdrawal of 548 Bcf and last year's withdrawal of 318 Bcf, respectively for the first four weeks of the month of January. Additionally, each weekly withdrawal during the month was larger than historical average. For example, there was a withdrawal of 140 Bcf for the week ending January 5, compared to withdrawals of 89 Bcf and 23 Bcf for the five-year (2019-2023) historical average and last year's, respectively for the same period, followed by a drawdown of 154 Bcf for the week ending January 12, compared to withdrawals of 126 Bcf and 68 Bcf for the five-year (2019-2023) historical average and last year's, respectively for the same period. Frigid temperatures across much of the country from a cold start to the month that increased heating demand, among other factors, may have driven the larger than average withdrawals during the periods. Cold weather persisted and one of the coldest Arctic winter blasts in many years arrived in vast areas of the country over the US Martin Luther King holiday weekend. As a result, the storage level declined by 326 Bcf for the week ending January 19. It outpaced the five-year average by over 120% and was also nearly four-times the year-ago withdrawal for the same period. The much larger than average withdrawal may have been in part attributable to production freeze-offs in many parts of the natural gas production regions from the sub-freezing temperatures. Despite a much less than the previous week's withdrawal, the storage drawdown continued above the historical average for the week ending January 26 as the stock level declined by 197 Bcf, compared to withdrawals of 185 Bcf and 141 Bcf for the five year average and last year's, respectively for the same period. Temperatures began warming from mid to late January and it may have contributed to the much less storage withdrawals as there was a steep decline in heating demand while a recovery in the natural gas production from freeze-offs occurred. Nonetheless, the storage surplus to both the historical average and last year's continued to narrow throughout the month. The total storage inventories in the U.S. as of January 26 are 2,659 Bcf, 130 Bcf higher than the five-year average and 54 Bcf more than last year's level. The average rate of withdrawals from storage so far in the withdrawal season (November through March) is 5% higher than the five-year average, according to the US Energy Information Administration.

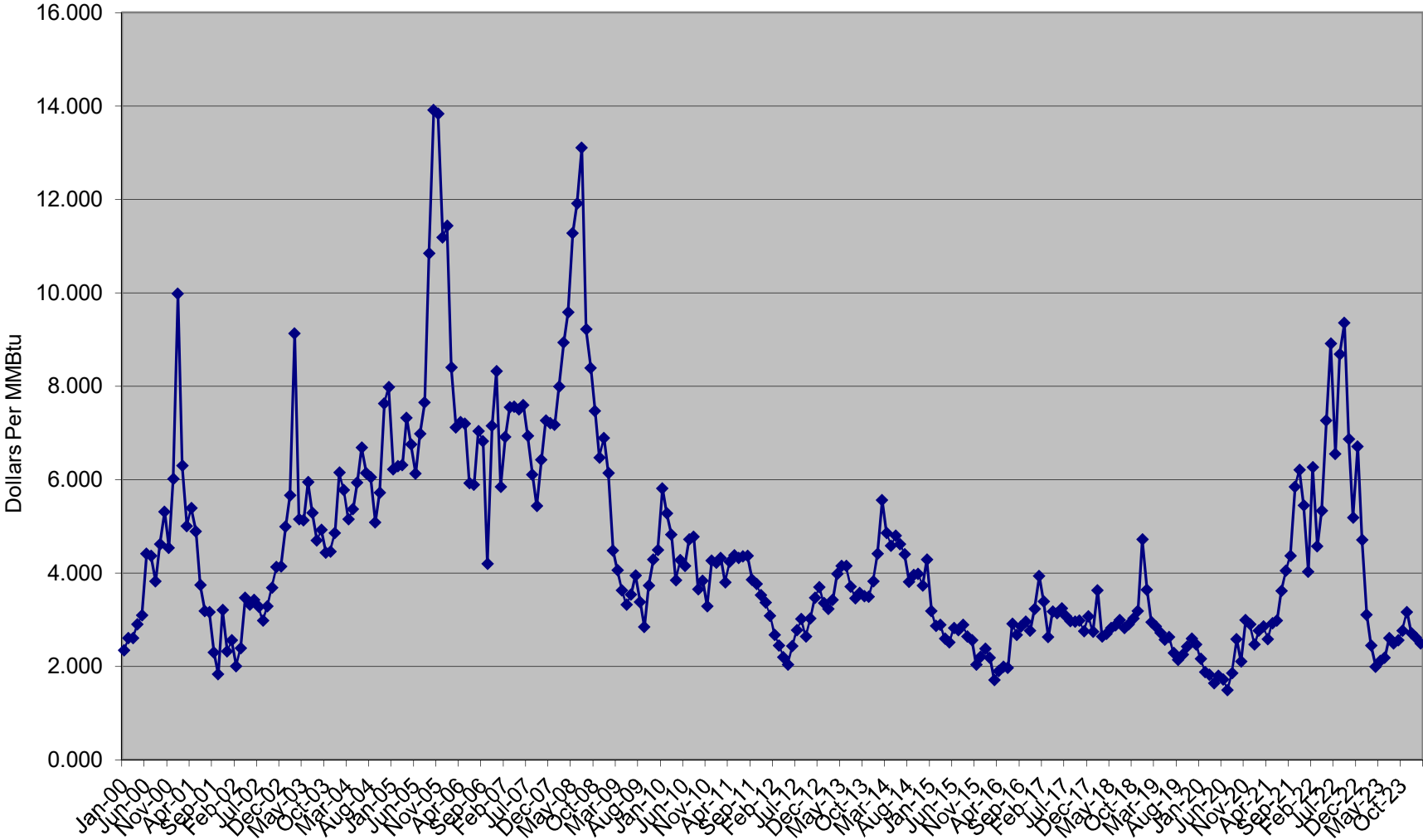
### **SUMMARY**

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.

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

Monthly Natural Gas Prices



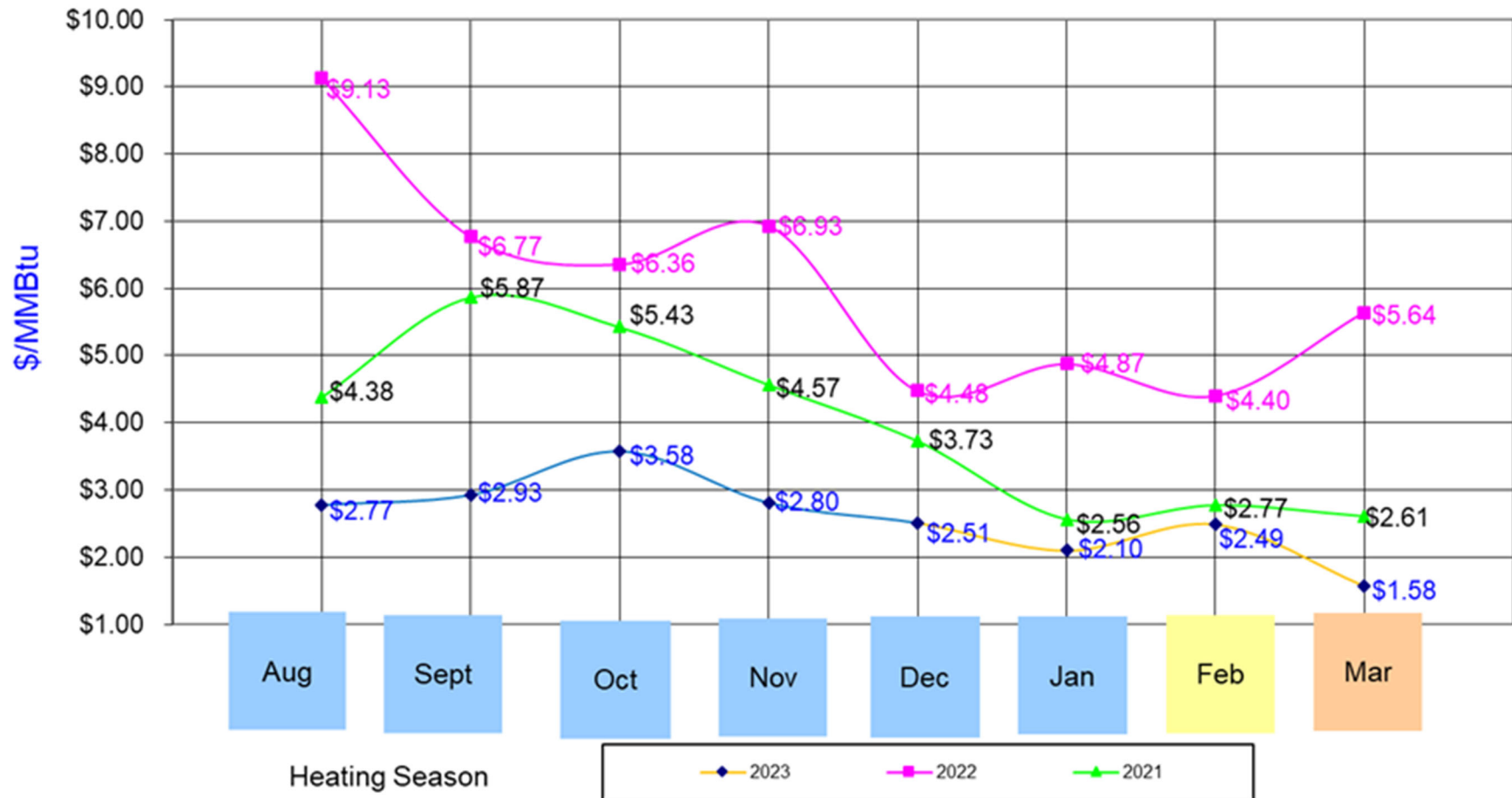
Note 1: 1 Million British Thermal Unit(MMBtu) is approximately equal to 1,000 cubic feet  
Note 2: Monthly Natural Gas Prices Based on the New York Mercantile Exchange(NYMEX) Expiration Prices, Source:WSJ

## NYMEX Natural Gas Commodity Price

Historical Month Price on the Last Trading Day of the Month

Current Month Price on Last Day Traded, 1/29/2024

Future Month Price on 2/20/2024



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