

News : Natural gas prices likely to slide in back half of winter: US trade group AGA

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Published on - Mon, 17 Oct 2022 16:09:50 EST

- Consumers will be pay more for either directly or indirectly
- Slightly colder-than-normal end winter after normal start

North American natural **gas** supply will match demand this coming winter, leaving prices stable and within historical norms, the American **Gas** Association said in a seasonal outlook.

"You can see that [price] drop-off has remained pretty consistent throughout the summer," Richard Meyer of the American **Gas** Association, or **AGA** , said Oct. 17 at an event to release the study. "The market has been pricing in a significant drop-off in the commodity headed out of next winter, and part of the reason for that is expectations that supply growth is going to catch up to that demand growth."

After hitting \$9.71/MMBtu on Aug. 22, **NYMEX Henry Hub** futures prices declined to \$6.77/MMBtu on Oct. 14, with expectations that prices will fall below \$6/MMBtu at the end of the winter season in March 2023, according to S&P Global Market Intelligence data.

"In other words, **we** 're going to see a flip from that market tightness that has been around for 2021 and 2022, where **we** 've really been demanding more natural **gas** than **we** 've been supplying in terms of growth," said Meyer, an **AGA** vice president for energy markets, analysis and standards. Even though storage levels are currently 4% below the average, prices will not pick up appreciably, Meyer said.

The **AGA** relied on the **US** National Oceanographic and Atmospheric Administration's winter forecast for the research. The current forecast called for a slightly colder-than-normal end to the winter season after a normal start, **AGA** Senior Manager Brendan O'Brien said.

"Our expectations are that for the second half of this winter, the upper parts of **United States** might actually see colder-than-normal temperatures, and [there might be] warmer-than-normal temperatures in the South," O'Brien said.

The trade group for publicly traded **gas** utilities, **AGA** said for the most part consumers will be paying more for natural **gas** , either directly or indirectly, as the cost for **gas** -fired power generation passes along price increases in **electricity** bills.

"The cost of natural **gas** may account for larger shared utility bills this coming year as commodity prices potentially increase those bills," said Morgan Hoy, **AGA** senior market and regulatory analyst. Hoy said the cost of natural **gas** was 37% of consumers' utility bills in 2021, increasing to 48% in 2022. Hoy forecast that natural **gas** customers will spend between 12% and 62% more for **gas** this winter.

While **North American gas** consumers can expect to pay more this winter, they will be largely unaffected by the **Russian** war on **Ukraine** because the **US** is limited in how much liquefied natural **gas** it can ship to **Europe** , Meyer said.

"**We** don't see a direct connection between **Russia** 's aggression on **Ukraine** and the subsequent changes in **European gas** supply [and] procurement and what is happening directly in the **US** market," he said.

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