

## News : US Northeast balmo gas prices tank amid forecast slow-start to heating season

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- November prices at Algonquin sink to mid-\$5s/MMBtu
- Mild Northeast weather to last through mid-November
- Lower demand could prolong storage injection season

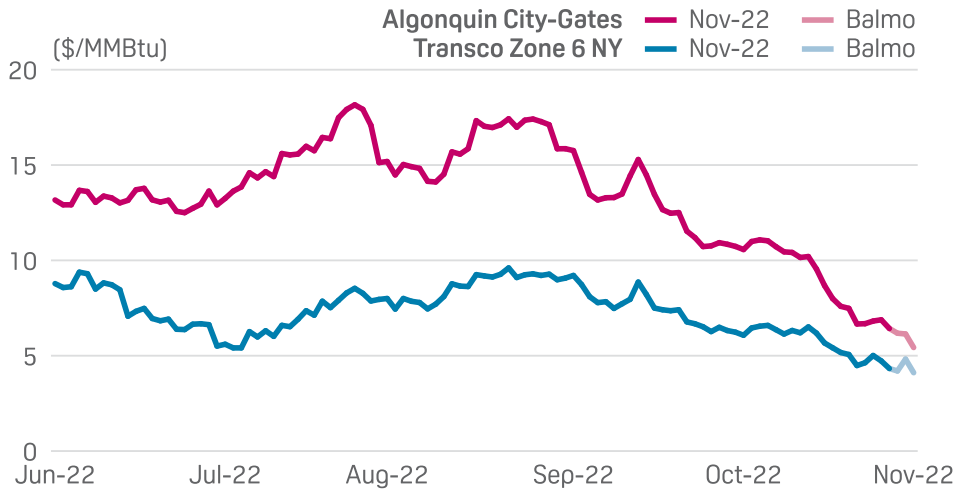
Forecasts calling for mild weather across the **US** Northeast through mid-November are putting a damper on regional **gas** prices as traders prepare for an underwhelming start to the winter heating season.

In recent trading, November **gas** prices in **Boston** and **New York** have tumbled.

At **Algonquin city-gates** , November forwards have lost over half their value since mid-October with the balance-of-month contract now trading in the mid-\$5s/MMBtu -- down from highs of around \$18 for the full-month contract this summer. At **Transco Zone 6 New York** , forward prices are also down about 35% since mid-October, pushing the balmo contract to the low-\$4s, Platts M2MS forwards data shows.

In the cash market, prices are also trading at surprising lows, rarely seen over the past year. At Algonquin, spot **gas** was hovering around \$3.60/MMBtu in Nov. 2 trading while prices at **Transco Zone 6 New York** were moving around \$3.20, data from the **Intercontinental Exchange** showed.

### BOSTON, NEW YORK FORWARD GAS PRICES



Source: S&P Global Commodity Insights

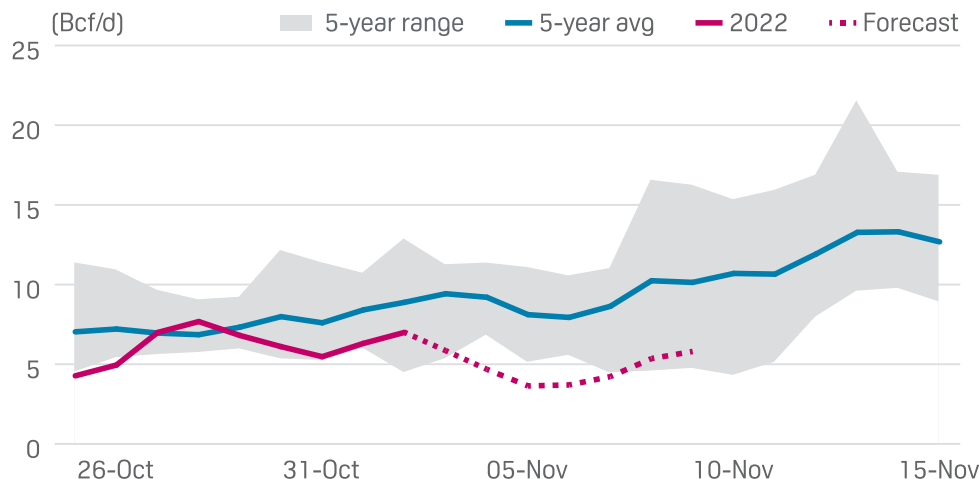
### Weather, demand

The collapse in forwards and cash prices in the Northeast comes as short-term weather forecasts point to an exceptionally mild start to November along the **US** eastern seaboard.

In states stretching from **Florida** to **Maine** , the likelihood for above-average temperatures is about 75% from Nov. 7-11, according to the National Weather Service's latest six- to 10-day outlook. In key heating markets extending from the Carolinas to **Massachusetts** , the Weather Service is all but certain that temperatures will trend above average next week with mild weather expected to persist through at least Nov. 15.

Over the next week, residential-commercial **gas** demand is actually expected to decline, averaging just 4.8 Bcf/d from Nov. 3-9, down from an estimated 7 Bcf/d on Nov. 2, forecast data from S&P Global Commodity Insights showed.

## US NORTHEAST RESIDENTIAL-COMMERCIAL GAS DEMAND



Source: S&P Global Commodity Insights

### Outlook

With mild weather likely to persist through mid-November, utilities and traders will likely have an opportunity to continue building regional **gas** storage inventories, potentially closing this season's persistent deficit. On Nov. 2, Northeast storage was estimated at 983 Bcf, according to S&P Global data.

Compared with injection demand averaging over 3.8 Bcf/d in October, additions to storage have slowed over the past week to about 3 Bcf/d. Despite that, storage levels now appear likely to surpass the five-year average inventory-high of around 1 Tcf before the winter drawdown begins in earnest.

The improving outlook for Northeast **gas** storage this winter has also weighed on peak-season **gas** prices.

At **Transco Zone 6 New York**, January forwards are now trading around \$15/MMBtu -- down from highs at over \$20 this summer. In the **New England gas** market, where the floor for prices is dictated more by the global **LNG** market than regional fundamentals, the January 2023 contract is now priced around \$27-\$28, equating to a small premium to the JKM -- **Northeast Asia**'s benchmark **LNG** import price.

### LNG imports

In **New England**, **LNG** imports are still likely to be a key source of supply this winter.

Last season, **New England** imported six **LNG** cargoes from November to March carrying the re-gasified equivalent of about 17.8 Bcf, S&P Global data shows. During winter 2020-2021, the region's two import terminals -- **Everett LNG** and Northeast Gateway -- imported a slightly larger quantity of about 20.2 Bcf over the same five-month period.

On Nov. 2, two **LNG tankers**, the **Gaslog Genoa** and the **Wilpride**, were stationed just offshore of eastern **Canada**'s **Canaport LNG** import terminal, data from **Platts cFlow**, the ship and commodity tracking software from S&P Global, showed. The two **tankers**, which arrived in late October, are presumably preparing to offload their respective cargoes when **New England**'s market price signals justify.

A third **tanker**, the **Cadiz Knutsen**, was spotted in the North **Atlantic Ocean**, east of the **North Carolina** coast, on Nov. 2 carrying a cargo from **Trinidad and Tobago** with a captain's destination set to **Boston**.

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