

Market Commentary : US Central cash gas prices surge on higher demand

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US Midcontinent spot natural **gas** prices increased dramatically Dec. 21, as temperatures are forecast to plummet with the approach of a blizzard into the region.

In the Upper Midwest **Northern, demarcation** surged more than \$25 to \$31/MMBtu for Dec. 21 flows. **Southern Star** in the Midcon Producing increased by almost \$24 from the previous day to \$30/MMBtu. Both locations climbed to its highest level since the February 2021 winter freeze.

Demand to intensify

Demand is expected to jump almost 3 Bcf to 32 Bcf on Dec. 22, with increases in both power and residential-commercial sectors, according to S&P Global Commodity Insights. The largest pull comes from the Midcon Producing area, which grew by more than 1.5 Bcf/d to 7.6 Bcf/d.

Inventory levels in both Midcon Market and Midcon Producing decreased by 1% to 842 and 274 Bcf, respectively, on Dec. 21.

Production to decline

Production ticked lower on the day, with a 2% daily decline to 8.6 Bcf/d on Dec. 21, making prices bullish as less natural **gas** is available for consumption. Inflows also decreased by 3%, bringing total supply to 20.8 Bcf/d.

In the January forwards market, **Chicago city-gates** increased by almost 20 cents to \$1.10 above **Henry Hub** , while Northern, Ventura increased almost 40 cents to a \$2.55 premium over **Henry Hub** .

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