

## The Sun Helping Exaggerate Natural Gas Prices And Interest-In Gas-Investing Weakness Will Soon Be Stimulating Demand, Prices And Investing Interest.

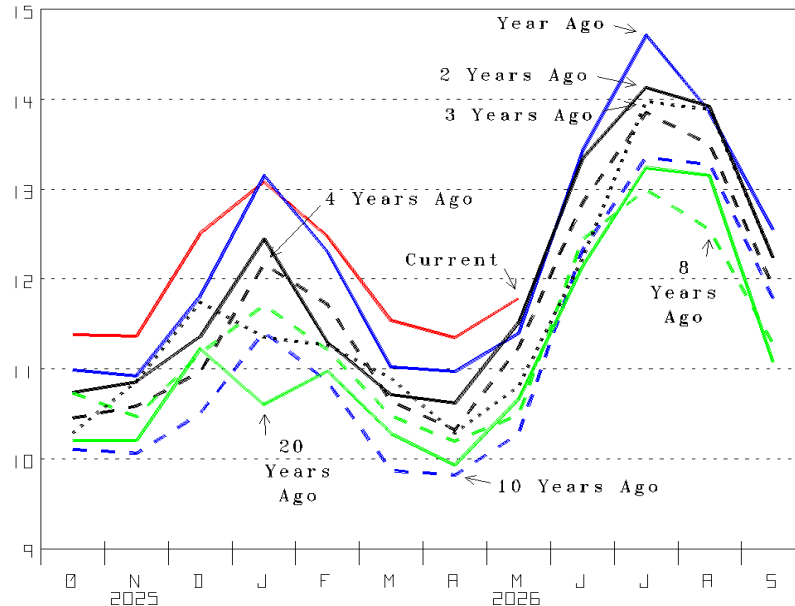
Figure 1

### U.S. Monthly Electricity Production

Small scale solar plus total generation at utility scale facilities

(Src: Calculated from U.S. Department of Energy data)

Billion kilowatt hours per day



### Monthly electricity production clearly shows a nicely growing economy.

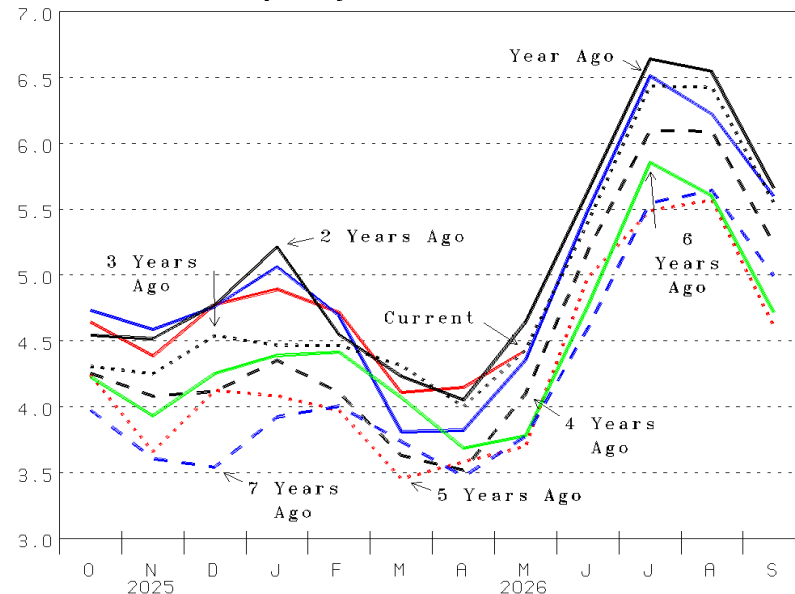
Since October, other than January, U.S. electricity generation has shown good year-over-year (YOY) growth (Figure 1). 11.788 billion kilowatt hours per day (Bkwh/d) was generated in May (red line), 0.390 more than 11.398 in May last year (blue line). May is another new record high with a 3.4% year-over-year (YOY) increase.

Figure 2

### U.S. Monthly Natural Gas Fired Electricity Generation

(Src: Calculated from U.S. Department of Energy data)

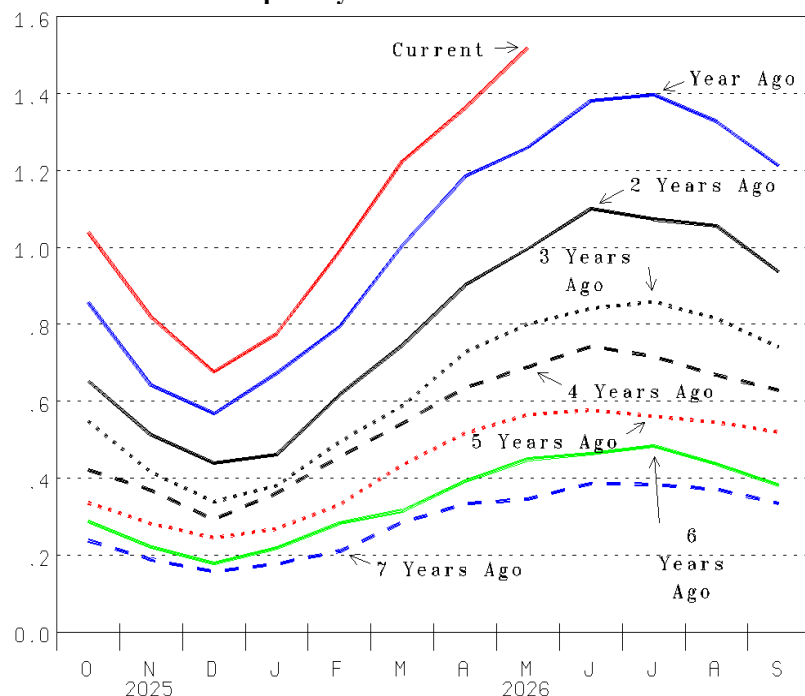
Billion kilowatt hours per day



### While total electricity generation in May was another nice new record high, the quantity generated by natural gas was not a new record high.

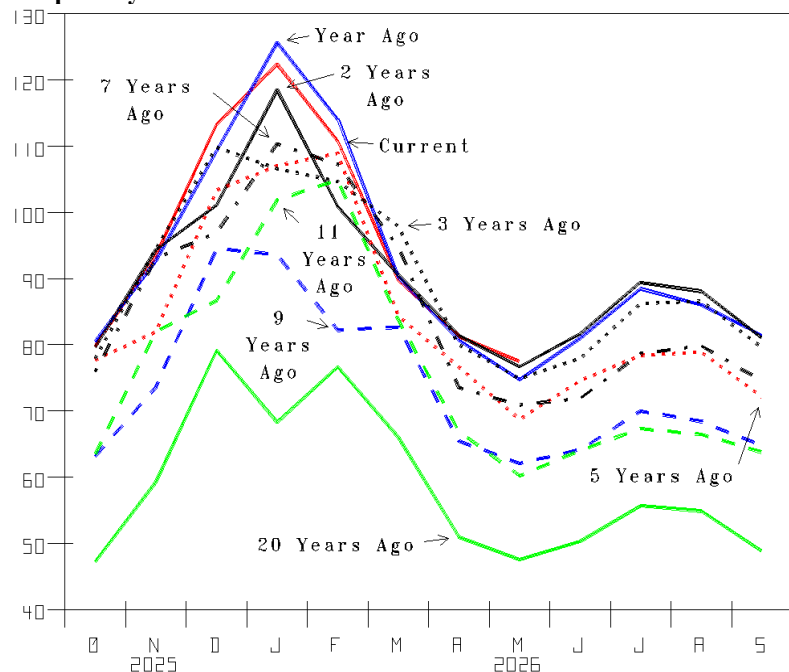
4.428 Bkwh/d was generated by natural gas during May (Figure 2, red line). While that is 0.071 (1.6%) more than 4.357 last year (blue line). It is 0.217 less than the 4.644 record two years ago (bod line), and 0.004 less than two years ago (bold dot).

**Figure 3**  
**U.S. Monthly Grid-Connected and Small Scale Solar**  
**Electricity Generation**  
 (Src: Calculated from U.S. Department of Energy data)  
 Billion kilowatt hours per day



**Solar electricity generation up 0.261 Bkwh/d YOY accounts for natural gas generation being 0.217 below setting a new month of May record high.** Grid connected solar electricity at 1.175 Bkwh/d in May and Small Scale solar at 0.346 has 1.521 Bkwh/d total solar electricity generation in May (Figure 3, red line). That is another new record high, 0.261 (21%) more than last year (blue line). Solar very heavily promoted has tripled solar generation since 2020 (green line). That and hours of sunlight and solar capacity increasing have continued to minimize natural gas demand. **However, last Summer's solar peak at 1.4 Bkwh/d dropping to 0.7 last December is a reminder that the Sun will soon be notably increasing natural gas demand.**

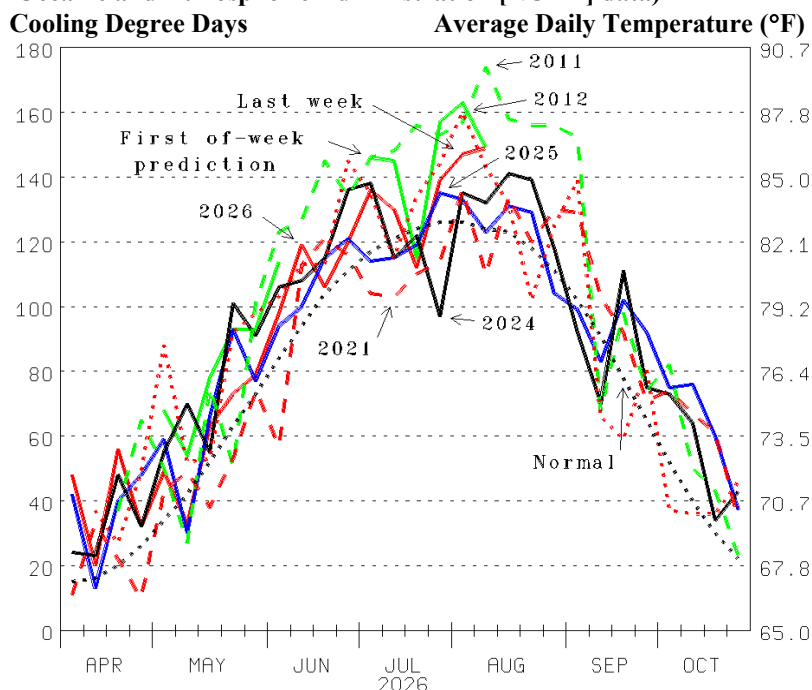
**Figure 4**  
**U.S. Monthly Natural Gas Demand**  
**(Consumption less Balancing Item)**  
 (Src: Calculated from U.S. Department of Energy data)  
 Bcf per day



**While natural gas electricity generation demand did not set a new month of May record high, natural gas demand did.** Natural gas demand during May averaged 77.476 Bcf per day (Bcf/d, Figure 4 red line). That is 2.767 (3.7%) more than 74.709 last year (blue line) and 0.814 (1.1%) more than the prior record high in May of 2024 (bold line). **And since May, The Climate Changing to Summer has been increasing gas demand.**

Figure 5

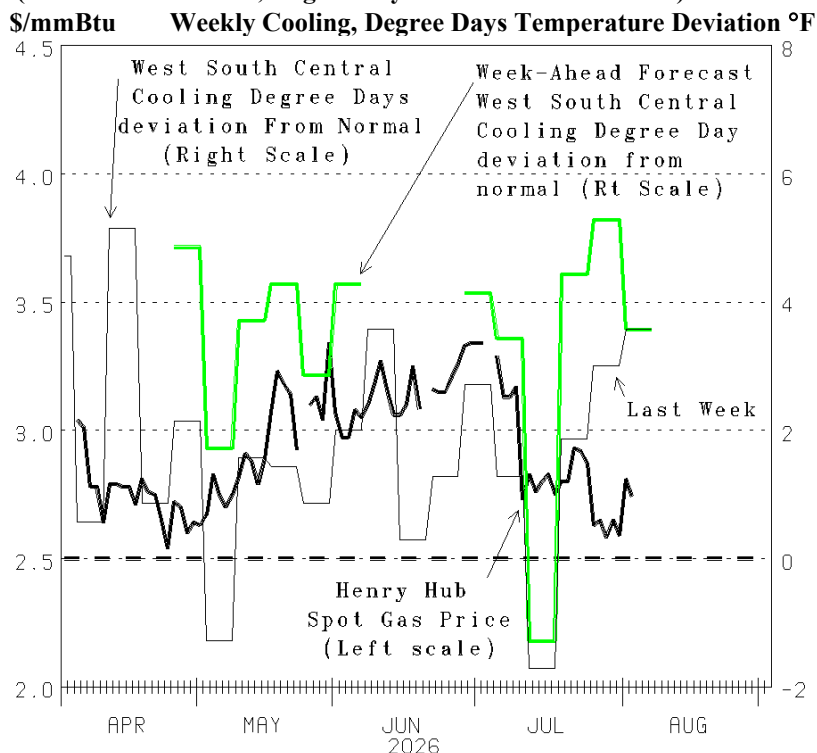
**West-South Central Region Weekly Cooling Degree Days**  
Actual degree days versus forecast for the week (Src: National Oceanic and Atmospheric Administration [NOAA] data)



**Despite the big increase in solar electricity generation, natural gas generating 37.6% of electricity in May versus solar at 12.9% and natural gas the most responsive to demand changes, makes gas demand and prices extra volatile.** The Climate Changing with hours of sunlight changing has temperatures peaking normally around now (Figure 5). We credit wind patterns for the notable weekly changes. The end of July 2024 (bold line) notably cooler than normal (bold dot). This week in 2011 notably warmer (green dash).

Figure 6

**Henry Hub Spot Gas Price & Smolinski-Strip versus weekly, West South-Central Region, Population-Weighted Cooling-Degree-Day-Deviation from Normal**  
(Src: Gas Price-DOE; Degree Day-Calc. from NOAA data)

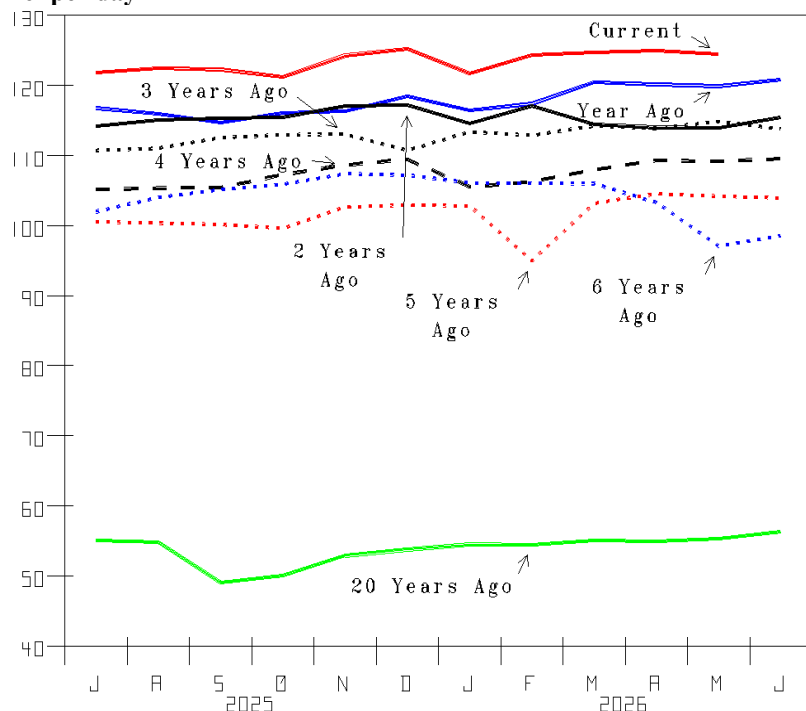


**Natural gas prices correlate very well with The Climate Changing. The wind, sunshine, clouds and rain have natural gas prices and being interested in being natural gas supply investing exaggerated low again right now.** Warmer than normal temperatures in April (Figure 6, line, right scale) minimizing natural gas demand depressed the Henry Hub spot market price of natural gas down toward \$2.50 per mmBtu (bold line, left scale). More sunlight increasing temperatures into early June then tugged it up to \$3.34. Warm at the end of June had it there again. However, Independence Day Holiday shutdowns, a notably cooler than normal week, temperatures notably cooler than the beginning of week forecasts (green line, right scale) and considerable clouds/rainfall where many people live have depressed the price back down toward \$2.50.

Figure 7

U.S. Monthly Natural Gas Gross Withdrawal Production  
Lower-48 States (Src: U.S. Department of Energy)

Bcf per day

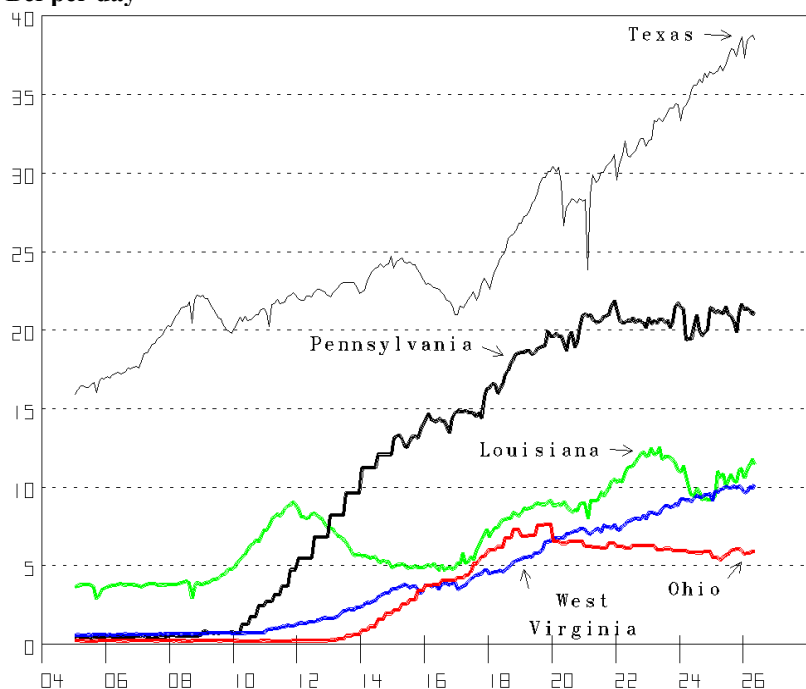


**Natural gas price weakness is also helped by impressive U.S. production growth setting new record highs.** Prior to the Fracking Revolution made to work, U.S. lower-48-state natural gas production was down around 55 Bcf/d (Figure 7, green line). Fracking working wonderfully well and the new Administration making regulations more practical has been achieving good YOY production growth since March of last year (blue line versus bold and red line versus blue). 124.416 Bcf/d in May is 4.530 (3.8%) more than 119.886 last year. **However, while December to May last year was a 1.534 Bcf/d increase, December to May this year is a 0.843 decline.**

Figure 8

Monthly Natural Gas Gross Withdrawal Production  
For Ohio, Louisiana, Pennsylvania, Texas and West Virginia  
(Src: U.S. Department of Energy, Form 914 data)

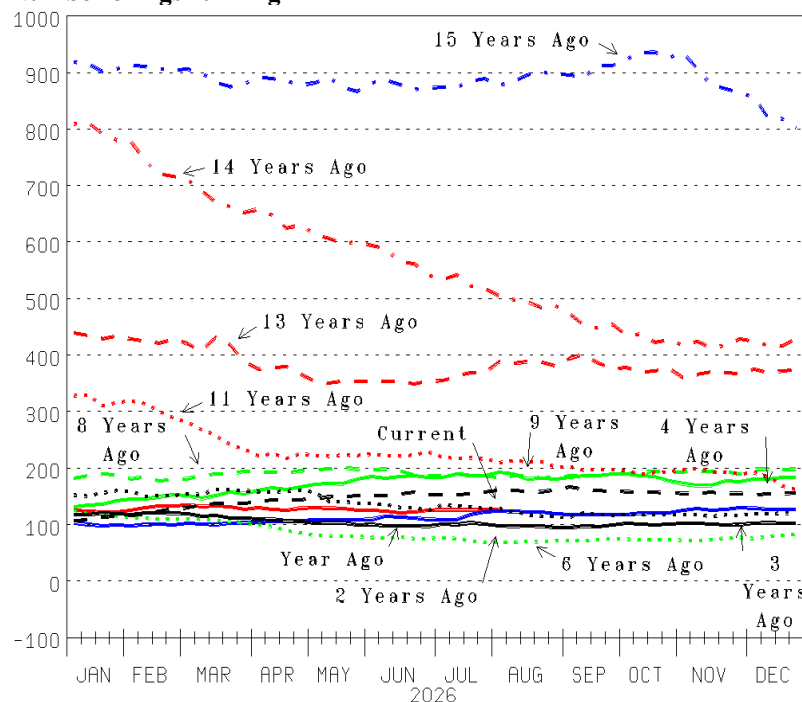
Bcf per day



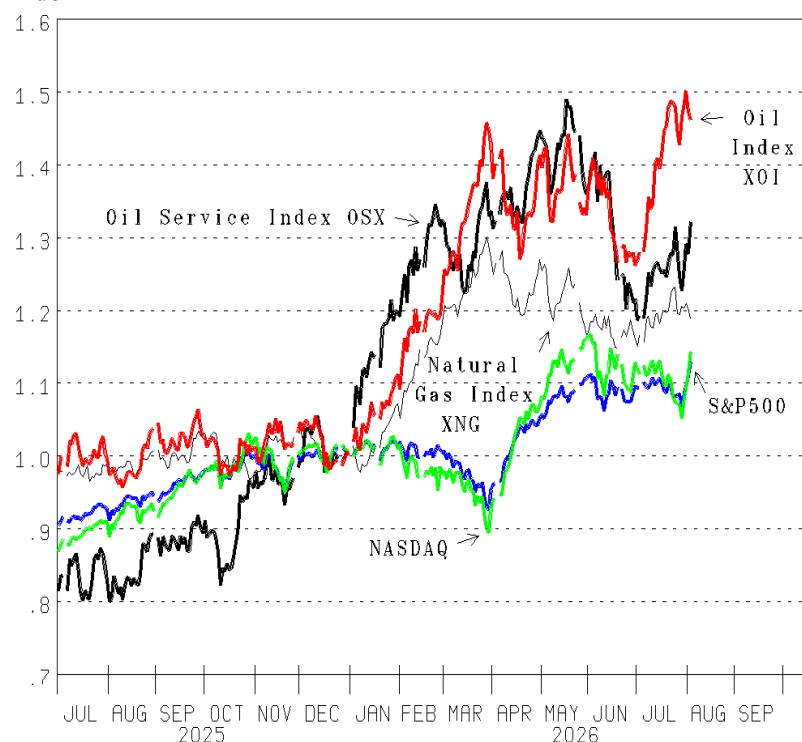
**Energy markets, like the economy complex, is evident in significant natural gas production growth differences.**

The Fracking Revolution made to work for natural gas began in Fort Worth, Texas (Figure 8 line). Thank you, George Mitchell, for not giving up. It took a while to happen in Louisiana (green line). Longer still for Pennsylvania (bold line), West Virginia (blue line) and Ohio (red line). Freedom to Do/Be/Have the greatest in the United States has transformed the country from being the world's largest importer of natural gas and oil to its largest exporter. **The U.S. culture is Blessed by freedom to change. From only a few knowing how and doing to many knowing how and doing.**

**Figure 9**  
**U.S. Rotary Rigs Drilling for Natural Gas—Weekly**  
 (Src: Baker Hughes)  
**Number of rigs running**



**Figure 10**  
**Stock Price Index (\*) Comparisons**  
 (Indexed to 1.0 12/31/2025, last trading day of 2025)  
**Index**



**Natural gas production growth down, from December to May now, versus up nicely December to May last year and the past year's big pursuit in gas drilling over, also powers our bullish natural gas outlook.** At this time last year, the number of rigs drilling for natural gas increased from 108 at the beginning of July to 124 at the beginning of August (Figure 9, blue line). The number of rigs drilling for natural gas then averaged 125.4 through mid-July now. 22.7 (22.1%) more than 102.7 the prior year. However, 127 drilling last week (red line) is only 3 more than last year. Higher oil prices now has 451 rigs drilling for oil last week, 41 more (+10%) than 410 last year.

**Our bullish outlook, despite prices and interest in being natural gas invested exaggerated down of late, is also fueled by very much needing to be done and being done—especially here in the U.S.** A few weeks of cold Winter weather had energy stocks top performers (Figure 10, bold line, red line and line) before Operation Epic Storm tightened energy markets. While awareness of growth/success has the S&P 500 again setting record highs (blue line), energy continues to outperform despite the Natural Gas Index (XNG) depressed for the reasons we've highlighted. **Infrastructure trends, much of late minimizing, AI activity increasing, Over There growing too with work to end/restore war destruction, conventional energy expectations low, + much poorly understood has conventional-energy-Bullish happening. We rate nat gas, crude oil, oil-focused E&P and Drilling & Oil Service Overweight Strong Buy; and Oil-Refining BUY.**