

Brief Episodes Of Cold And Hot Are Confirming Natural Gas Supply/Demand Tight That Soon Catches Many Natural Gas Supply Short.

Figure 1

U.S. Weekly Heating Degree Days; Natural-Gas-Heat Weighted

Actual degree days versus forecast for the week

(Src: National Oceanic and Atmospheric Administration [NOAA])

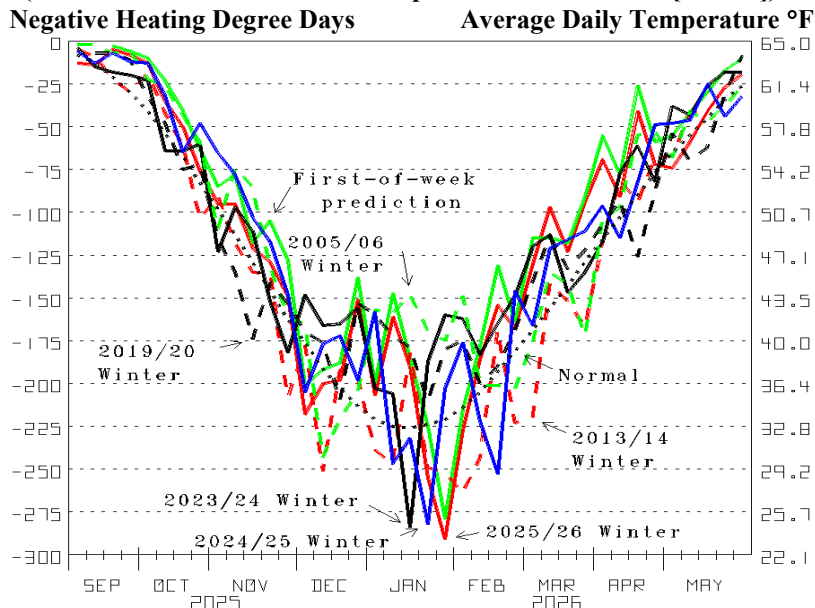


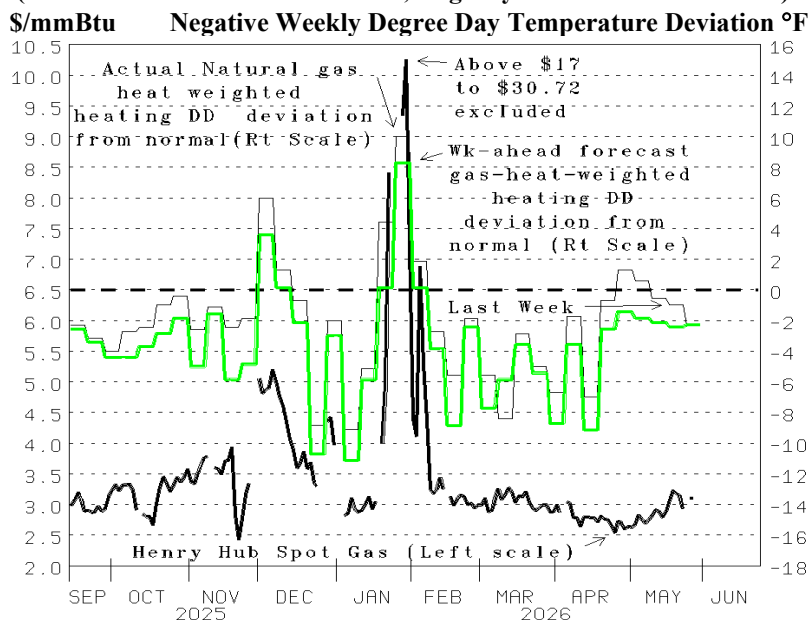
Figure 2

Henry Hub Spot Gas Price versus Weekly,

Gas Weighted Heating Degree Day Deviation from Normal

Beginning of Week Temperature Forecast and Actual Deviation

(Src: Gas Prices-DOE & NYMEX; Deg Day-Calc from NOAA data)



Cold air incursions confirming cold air exists, it has not been CO₂d away, but brief shows the U.S. natural gas market tightening and on the way to soon catching many natural gas short. Last Winter a cold air incursion dropped the U.S. natural gas heat weighted temperature to a 23.4 °F average at the end of January (Figure 1, red line). 10 °F colder than normal (bold dot). 360 Bcf of natural gas was drawn from inventory, a new record large.

That cold air incursion tugged the Henry Hub spot price of natural gas up to \$30.72 per mmBtu. That, despite only 6 of the 32 weeks after mid-September colder than normal.

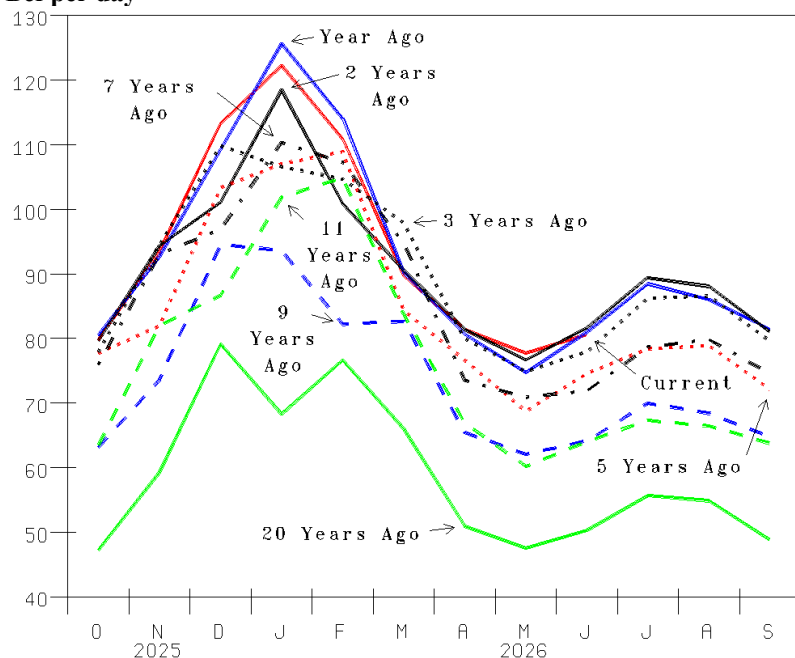
Cold air existing, not gone away because of mankind's carbon dioxide (CO₂) emissions, was evident last Winter with two colder than normal weeks the beginning of December and three at the end of January into February (Figure 2, line, right scale). Natural gas demand jumping for the first incursion tugged the Henry Hub spot price of natural gas above \$5 per mmBtu (bold line, left scale). The late January incursion tugged it to a \$30.72 high. The price quickly tugged above \$8 highlights potential natural gas demand setting new record highs.

Figure 3

U.S. Monthly Natural Gas Demand (Consumption less Balancing Item)

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

Bcf per day



Mild temperatures dominating is evident in few weeks colder than and warmer than normal.

Also, natural gas demand showing little to no growth March to June.

March to June. The early December cold air incursion had U.S. natural gas demand set a new record high (Figure 3, red line). The January into February incursion had demand be notably greater than two years ago (bold line). However, since then demand has been essentially flat. Little change versus last year (blue line) and two years ago.

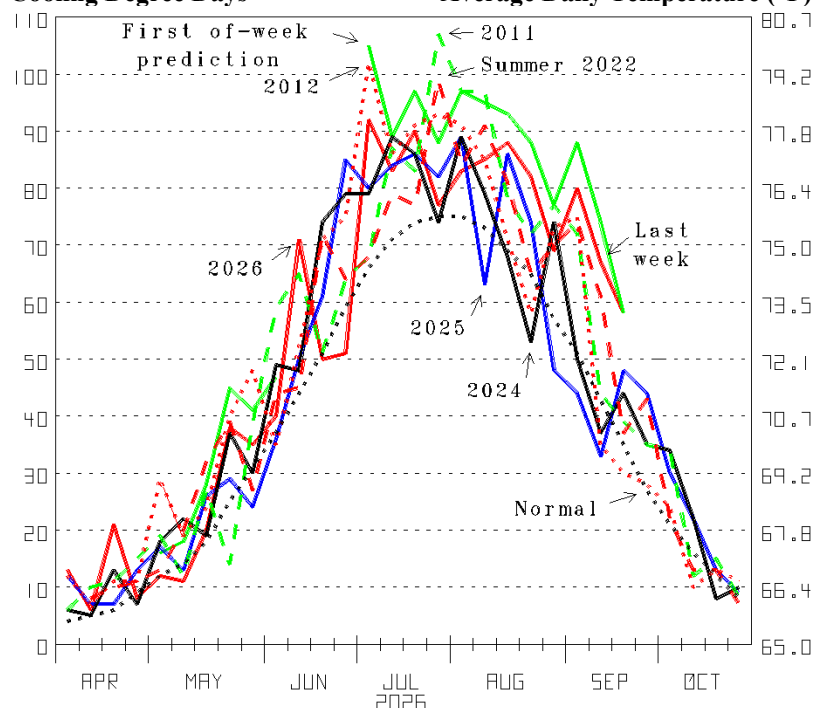
Figure 4

U.S. Weekly Cooling Degree Days-Population Weighted

Actual degree days versus forecast for the week (Src: National Oceanic and Atmospheric Administration [NOAA] data)

Cooling Degree Days

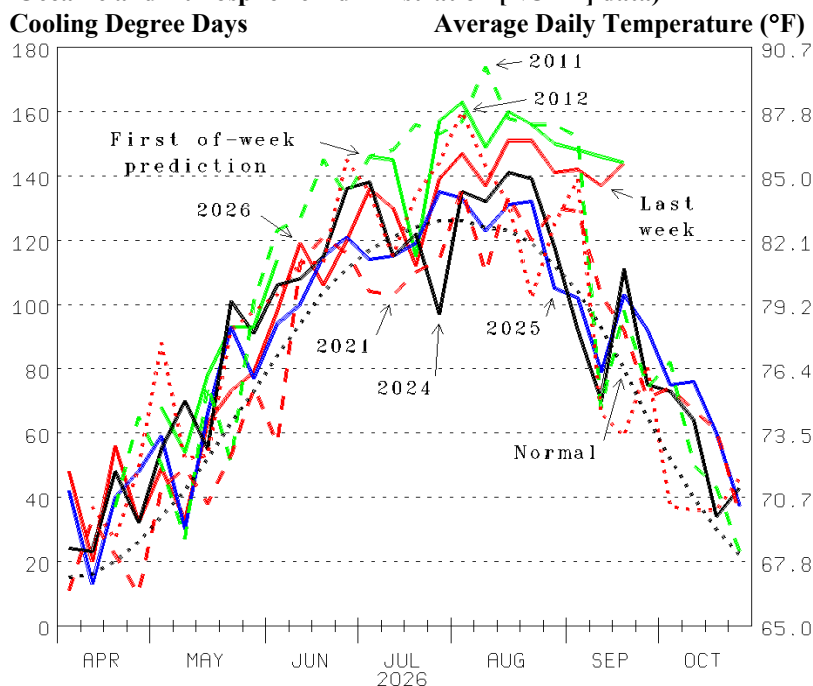
Average Daily Temperature (°F)



Natural gas demand minimized by mild temperatures dominating, early February into June has inventory high encouraging gas bearishness. Demand minimized then was also helped by notable solar electricity generation promotion and growth. Warm air existing stimulating electricity demand for cooling was most evident the first week of June and the first three weeks of July (Figure 4, red line). **However, cooler the end of July has been followed by notably warmer since. With the last four weeks notably warmer than last year (blue line).**

Figure 5

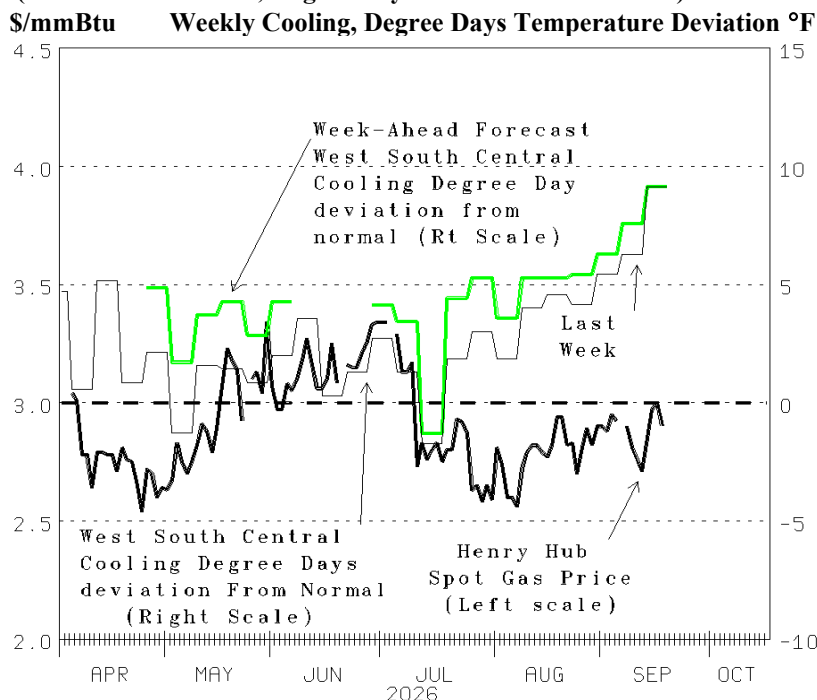
West-South Central Region Weekly Cooling Degree Days
Actual degree days versus forecast for the week (Src: National Oceanic and Atmospheric Administration [NOAA] data)



Natural gas demand to generate electricity increased of late is due to the West South-Central Region notably warm since the end of July. The cooling degree day temperature for the West South-Central Region has been above 85 °F since the end of July (Figure 5, red line). Notably warmer than normal (bold dot) but not as hot as back in 2011 (green dash). Despite the much carbon dioxide (CO₂) emitted by mankind since then.

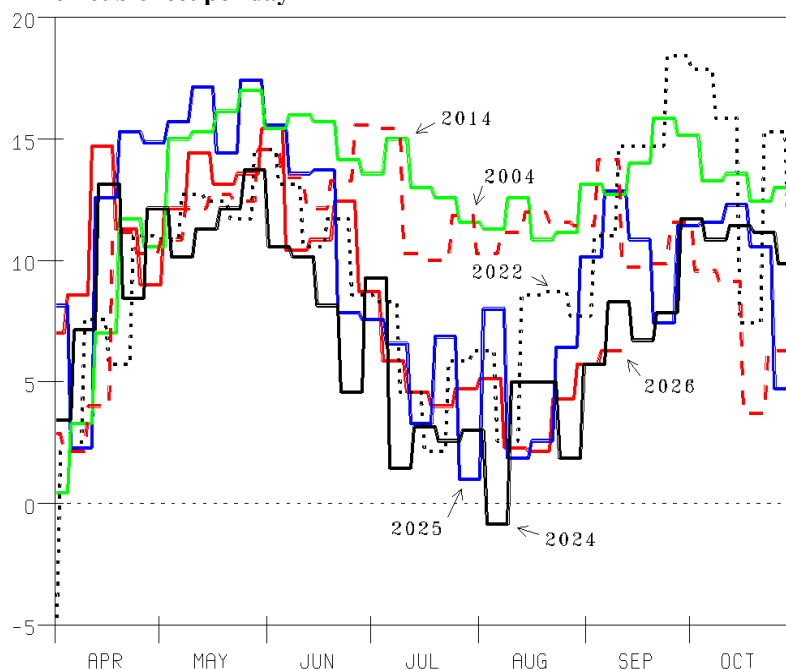
Figure 6

Henry Hub Spot Gas Price versus weekly, West South-Central Region Population-Weighted, Cooling-Degree-Day-Deviation from Normal, Beginning of Week Forecast Deviation and Actual Deviation
(Src: Gas Price-DOE; Degree Day-Calc. from NOAA data)



Natural gas prices clearly reflect changes in demand for heating and cooling. Temperatures in the South-Central Region warmer than normal in April (Figure 6, line, right scale) minimizing gas demand for heating deflated the Henry Hub spot price down toward \$2.50 per mmBtu (bold line, left scale). Hotter than normal May through June then tugged the price up \$3.40. However, gas inventory high, cooler than normal along with rain and cloud cover minimizing elsewhere deflated it back down toward \$2.50 into August. Hot air persisting has tugged it up since but only to \$3 Wednesday.

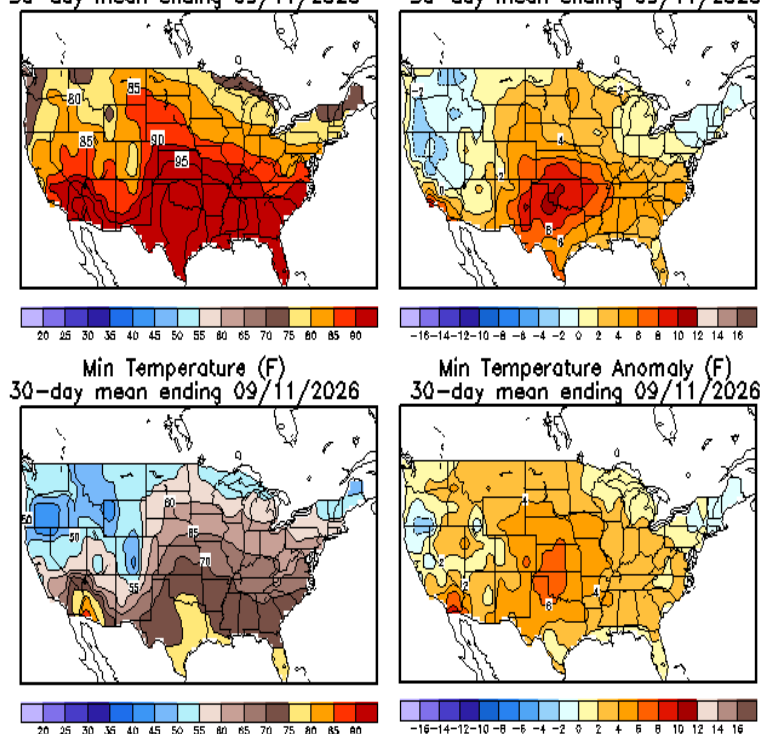
Figure 7
Weekly Change in Total U.S. Natural Gas Working Inventory
 (Src: Calculated from U.S. Energy Information Administration data)
 Billion cubic feet per day



Temperatures and sunlight electricity generation increasing had natural gas inventory increases high, April through June, encouraging bearishness. However, high temperatures of late having inventory increases in record low territory support our bullish natural gas outlook.

Weekly natural gas inventory increases in April up at the bearish top of the historical range (Figure 7, red line) helped deflate the Henry Hub spot price down toward \$2.50 per mmBtu (Figure 6). The warmest air of late remaining in place needing much natural gas had the natural gas inventory increases four weeks ago and last week set new, weekly record lows.

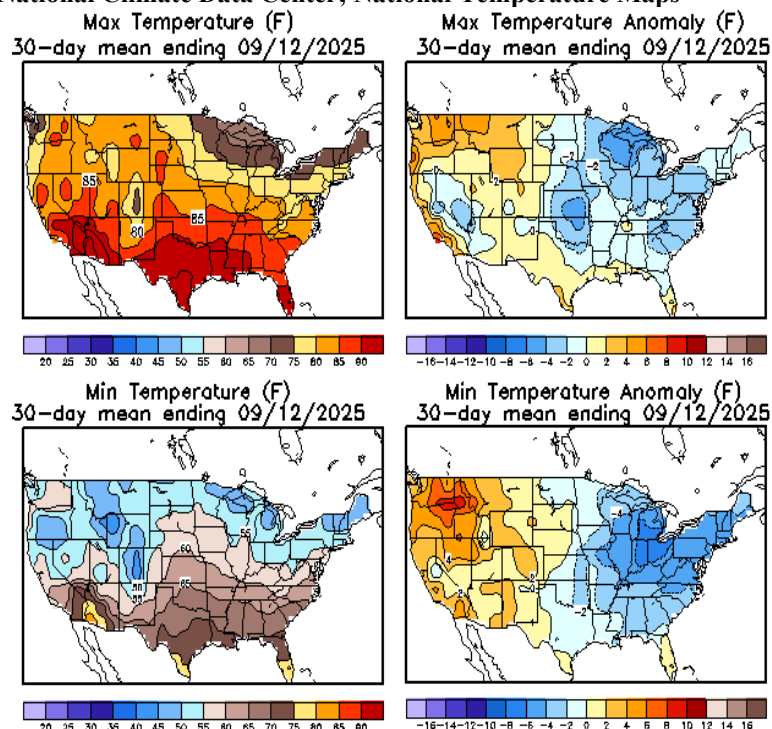
Figure 8
 National Oceanic And Atmospheric Administration (NOAA)
 National Climate Data Center; National Temperature Maps
 Max Temperature (F) 30-day mean ending 09/11/2026
 Max Temperature Anomaly (F) 30-day mean ending 09/11/2026



Warm air the last four weeks remaining in place over the Midwest and South/South-East greatly minimized natural gas inventory increases including two weeks setting new record lows. Warm air dominating a good part of the country the last four weeks (Figure 8, top-right and bottom-right graphs yellow to brown) has confirmed potential gas demand, setting new record highs. Only 44 Bcf injected into inventory last week and 15 four weeks ago are now record lows for those weeks. Also, the two weeks in between were third smallest in the 33 years of weekly data history. News reports of high temperatures also encourages those persisting in being Climate Change fearful and fearful of/against fossil fuel.

Figure 9

National Oceanic And Atmospheric Administration (NOAA)
National Climate Data Center; National Temperature Maps

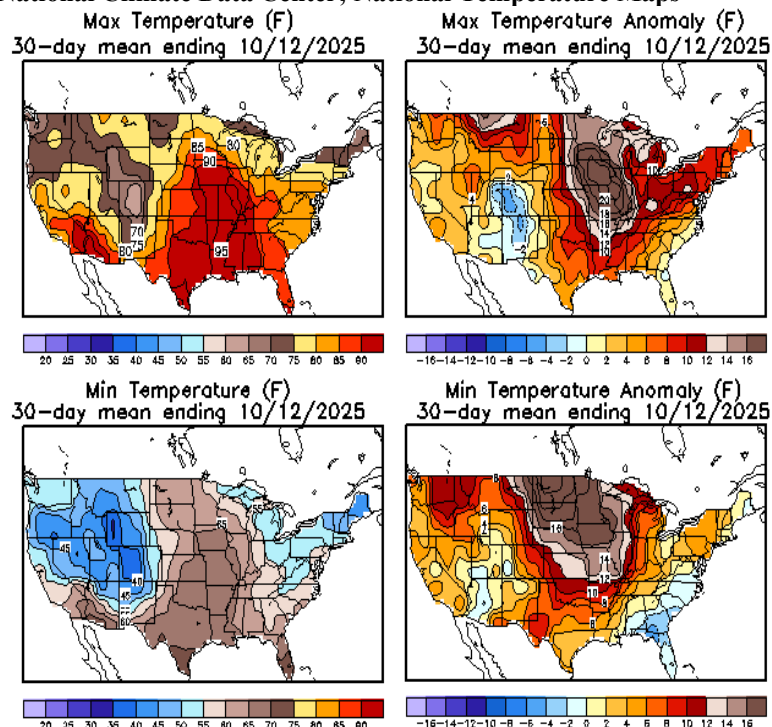


Comparing the last four weeks this year to the last four last year provides evidence that mankind's CO2 emissions are not causing The Climate to Change.

While the last four weeks most of the most populated parts of the country have been notably warmer than normal (Figure 8). It is a major change from the same weeks last year (Figure 4). Where most people live was notably cooler than normal (top-right and bottom-right graphs, shades of blue). The significant changes that occur regularly have us credit wind-pattern changes, not the atmosphere's CO2 content for what is experienced. The big increases in natural gas demand to generate electricity occurring has changed the quantity of natural gas in inventory from being 28 Bcf less than last year August 14 to 122 Bcf less last Friday.

Figure 10

National Oceanic And Atmospheric Administration (NOAA)
National Climate Data Center; National Temperature Maps



The major temperature change that occurred next last year also supports our conclusion: wind patterns and hours of sunlight are the major factors causing The Climate to Change. Not CO2, especially mankind's CO2. The Fall-fall in temperatures took an extra long time last year. Much of the country experienced temperatures that were double-digit degrees warmer than normal (Figure 10, top-right and bottom-right graphs, red to brown). Last year's temperatures so extreme make it highly likely that what is next experienced will confirm supply/demand tightening.

Figure 11

U.S. Monthly Dry Marketed Natural Gas Production
(Src: Calculated from U.S. Department of Energy data)
Bcf per day

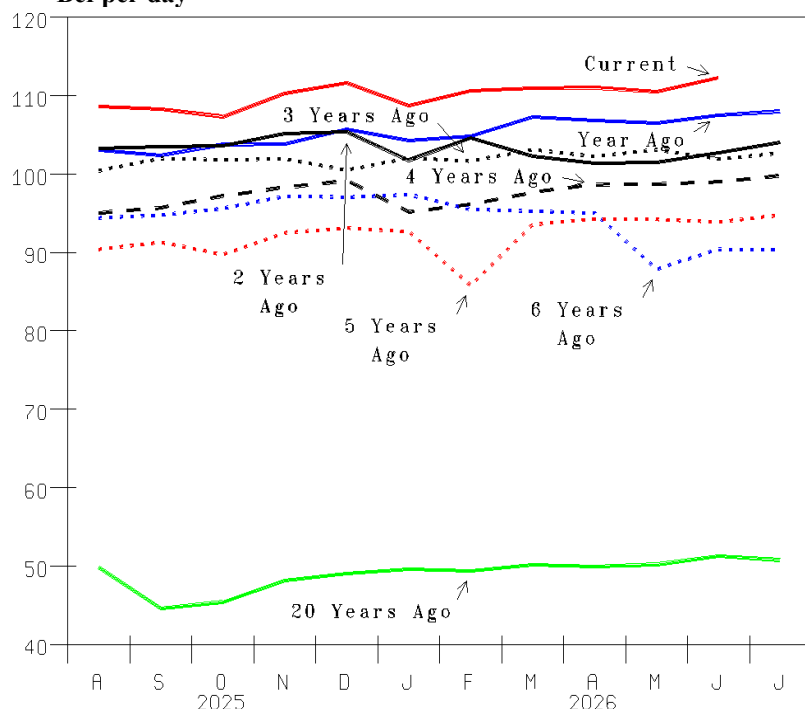
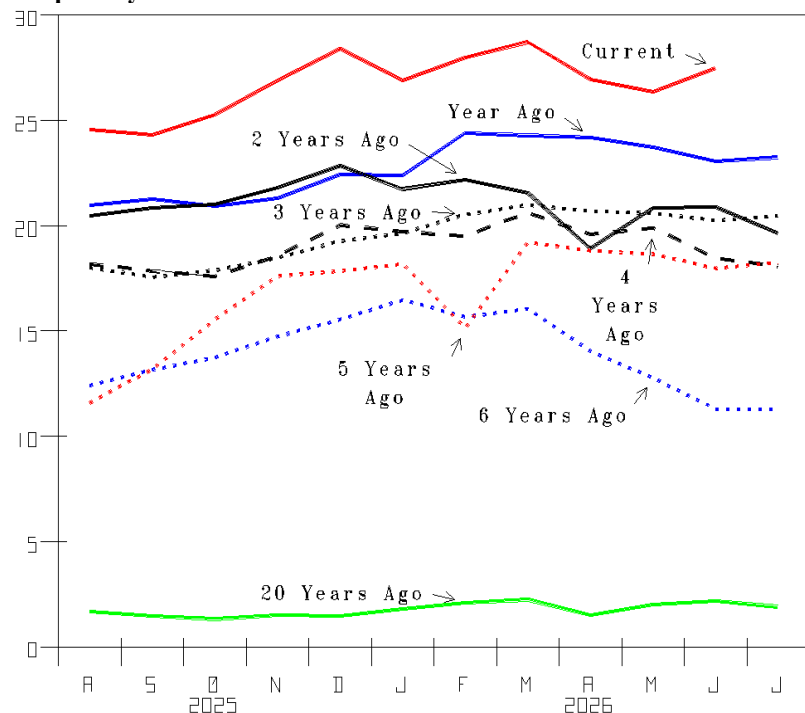


Figure 12

U.S. Monthly Natural Gas Exports
(Src: Calculated from U.S. Department of Energy data)
Bcf per day



Good growth in natural gas production and inventory high are helping most be bearish/uninterested in natural gas supply investing.

Prior to the Fracking Revolution made to work for natural gas (thank you, George Mitchell), U.S. dry-marketed production was less than 50 Bcf per day (Bcf/d, Figure 11, green line). 112.3 in June (red line), more than double that and 4.832 (4.5%) more than last year (blue line) is healthy year-over-year (YOY) growth. That being achieved and 134 rigs drilling for natural gas this week, 16 (14%) more than 118 last year are reasons to not be bullish.

While natural gas prices and expectations are low, The Climate greatly minimizing natural gas demand last year next, now through Winter, and Over There needing very, very much we can supply, fuel our bullish outlook.

Yes, gas production in June was 4.832 Bcf/d more than last year (Figure 11). However, natural gas demand little changed in June (Figure 3) is hiding exports in June at 27.471 Bcf/d (Figure 12, red line), 4.411 more than last year (blue line). The consensus is set to be caught short and short, with long lead times, for quite a while. **Much of late minimizing, infrastructure trends, 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.**