

ENERGY MARKET UPDATE

NATURAL GAS, POWER, AND SUPPLY AND DEMAND OUTLOOK



Energy Prices on the Rise: Strengthening Bullish Momentum

Energy prices have shifted from “elevated-but-steady” in June to a clear upward trend across both natural gas and power markets in July. Forward curves for Henry Hub and the Eastern ISOs slope higher month-over-month through December, signaling firmer cost pressure for large energy consumers as we move deeper into cooling season and head toward winter contract months.



Natural Gas Summary

Natural gas prices at Henry Hub continue to climb in July, closing the month **\$0.06 above June** and **24% above July 2024**. This marks the second consecutive month of gains and reflects a market responding to multiple pressure points. The forward strip now prices progressively higher levels, peaking in Q4, on expectations of:

- **Tightening storage:** inventories remain below last year’s cushion despite injections tracking the five-year average.
- **Relentless power-sector burn:** early-season heat waves have lifted gas-fired generation to record highs for June and show no sign of retreat.
- **Weather risk:** an active hurricane forecast threatens Gulf production and LNG export flows later this summer.

The **East basis curve** sits near parity with Henry Hub, while the **West** retains a modest premium amid lingering pipeline constraints.

Overall, the market’s message is “**higher for longer**” unless supply growth meaningfully outpaces rising demand. **See page 2** for the full set of natural gas graphs and data.

Power Summary

Power prices across major Eastern markets also moved higher in July, largely in response to rising natural gas prices and **record-breaking electricity demand**.

Forward on-peak power prices firmed across PJM, NYISO and ISO-NE compared with last month’s curves, reflecting higher gas costs and fresh capacity premiums:

- **PJM:** July-August on-peak now clears ~\$73–\$78/MWh, a ~\$4/MWh jump MoM, with capacity adders from the \$269.92 MW-day BRA embedded in fixed-price retail offers.
- **NYISO:** Zone J summer strips climbed into the low-\$80s/MWh after hovering in the high-\$70s in June.
- **ISO-NE:** Forward prices moved into the mid-\$70s/MWh, gaining ~5 % on stronger heat-rate assumptions.

With gas input costs trending higher, the EIA’s projection of a **~4 % YoY rise in average U.S. electric bills now looks conservative**, especially for commercial customers exposed to capacity and transmission surcharges. **See page 3** for the full set of power graphs and data.

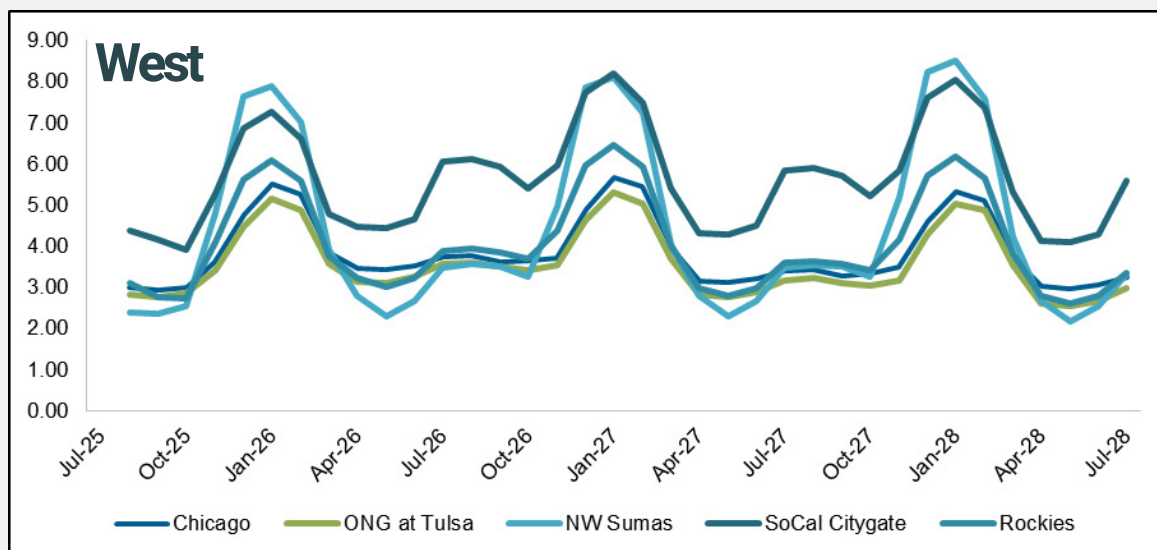
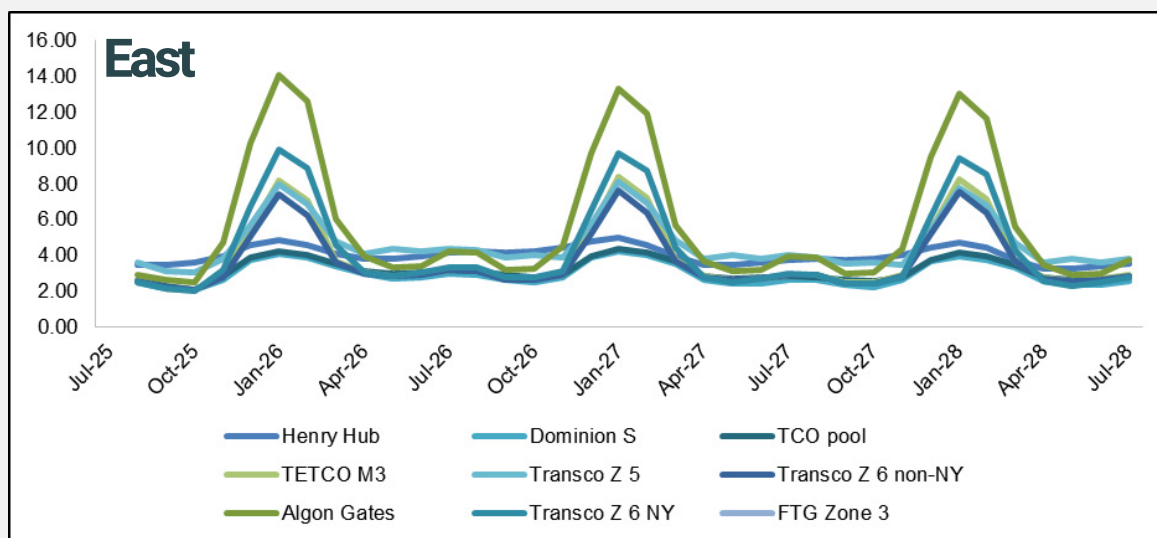
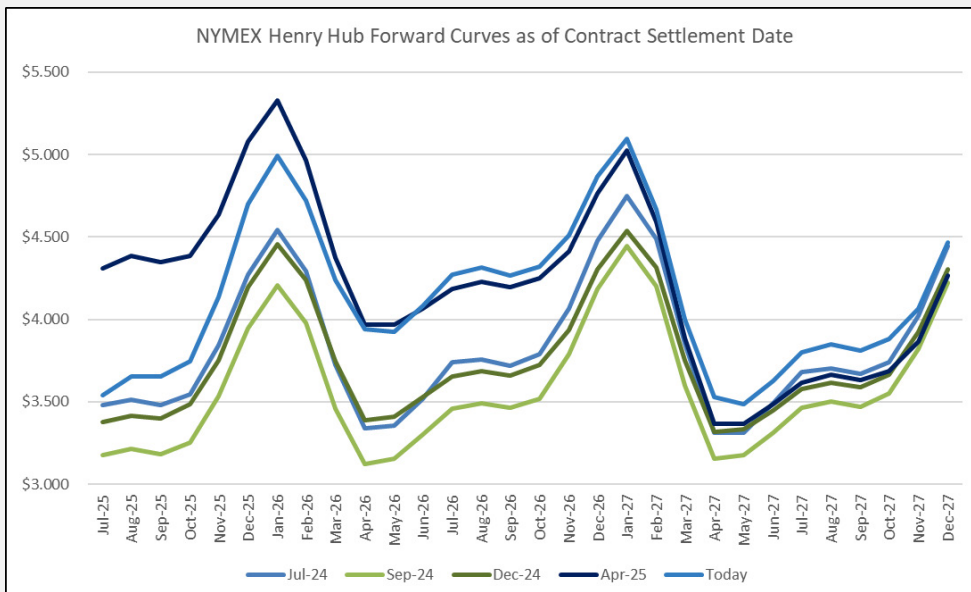
NATURAL GAS

Forward Natural Gas Prices (\$/MMBtu)

Historical Prices

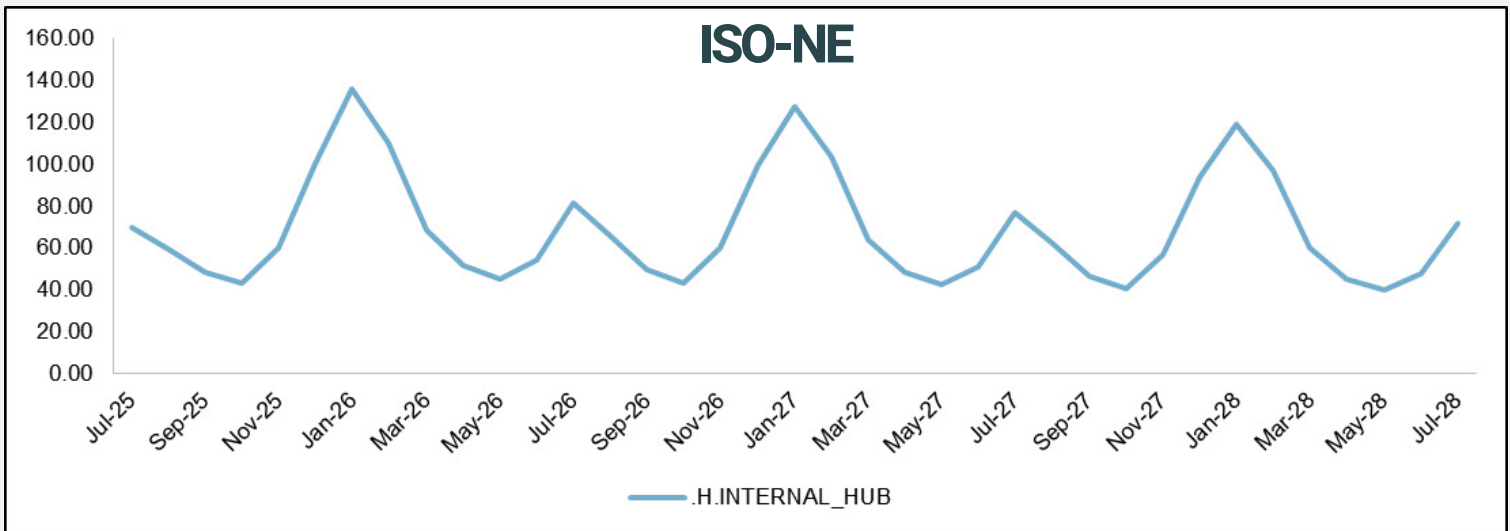
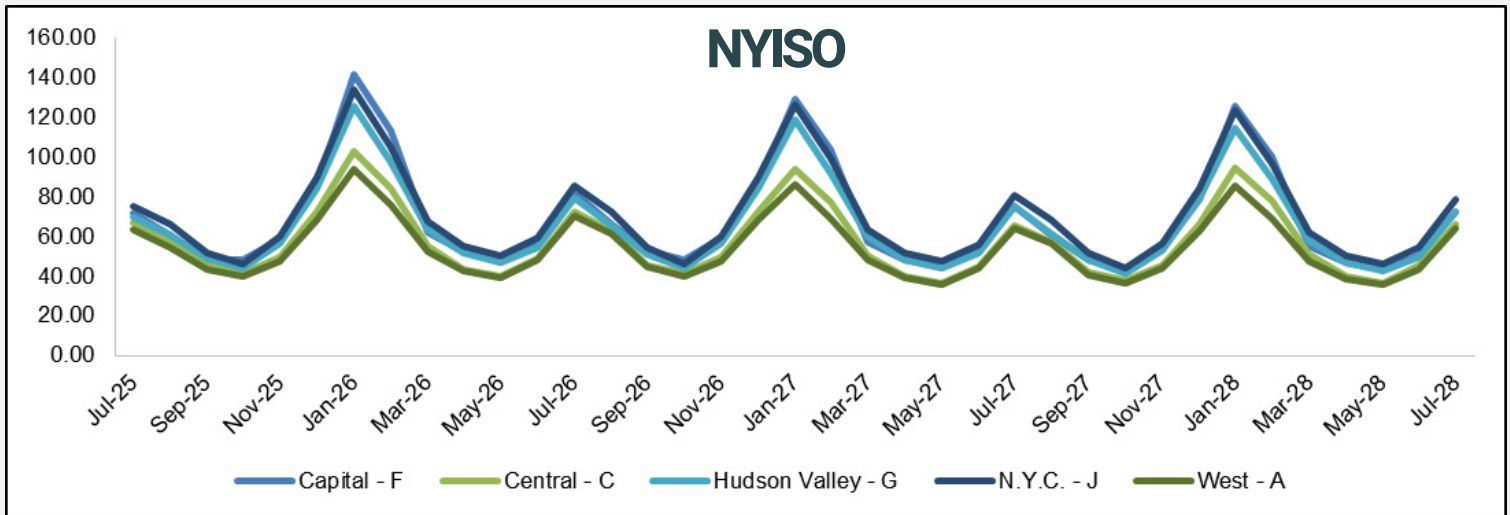
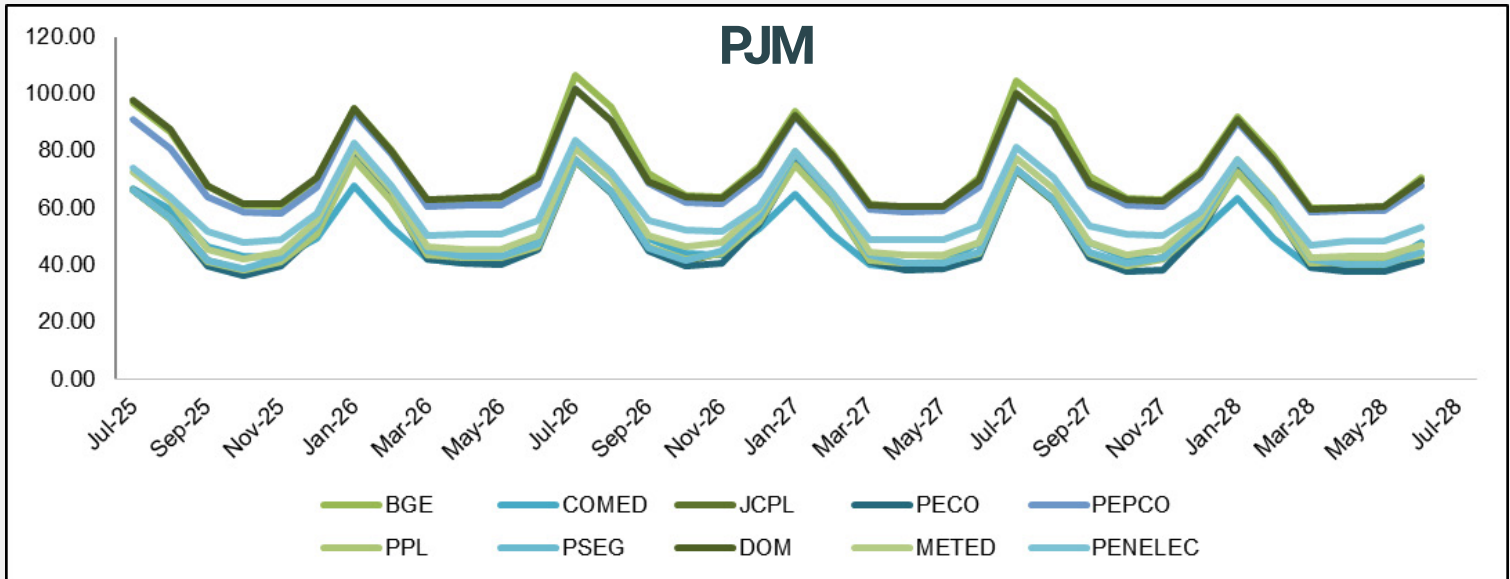
2021 \$	3.842
2022 \$	6.645
2023 \$	2.737
2024 \$	2.269

	Current	MoM	YoY
Jul-25 \$	3.537	\$ (0.020)	\$ 0.09
Aug-25 \$	3.655	\$ 0.023	\$ 0.24
Sep-25 \$	3.651	\$ 0.040	\$ 0.16
Oct-25 \$	3.746	\$ 0.046	\$ (0.03)
Nov-25 \$	4.134	\$ 0.072	\$ (0.05)
Dec-25 \$	4.702	\$ 0.128	\$ 0.25
Jan-26 \$	4.994	\$ 0.143	\$ 0.76
Feb-26 \$	4.719	\$ 0.138	\$ 1.00
Mar-26 \$	4.240	\$ 0.090	\$ 0.89
Apr-26 \$	3.940	\$ 0.092	\$ 0.56
May-26 \$	3.926	\$ 0.080	\$ 0.37
Jun-26 \$	4.082	\$ 0.072	\$ 0.35
12 month Strip \$	4.111	\$ 0.075	\$ 0.383
Cal 2026 \$	4.371	\$ 0.098	\$ 0.483
Cal 2027 \$	4.023	\$ 0.048	\$ 0.047
Cal 2028 \$	3.818	\$ 0.027	\$ (0.095)
Cal 2029 \$	3.734	\$ 0.047	\$ (0.177)



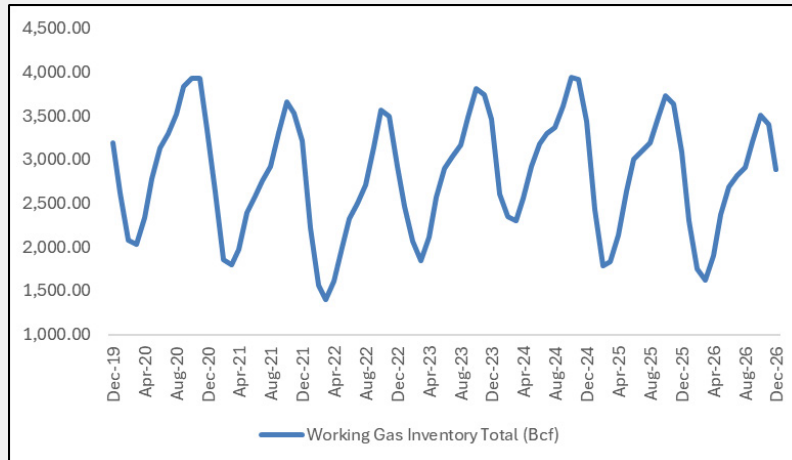
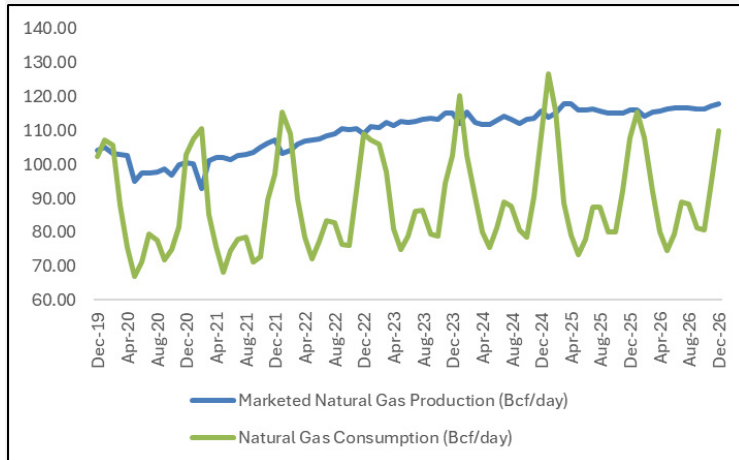
POWER

Forward On-Peak Power Prices (\$/MWh)

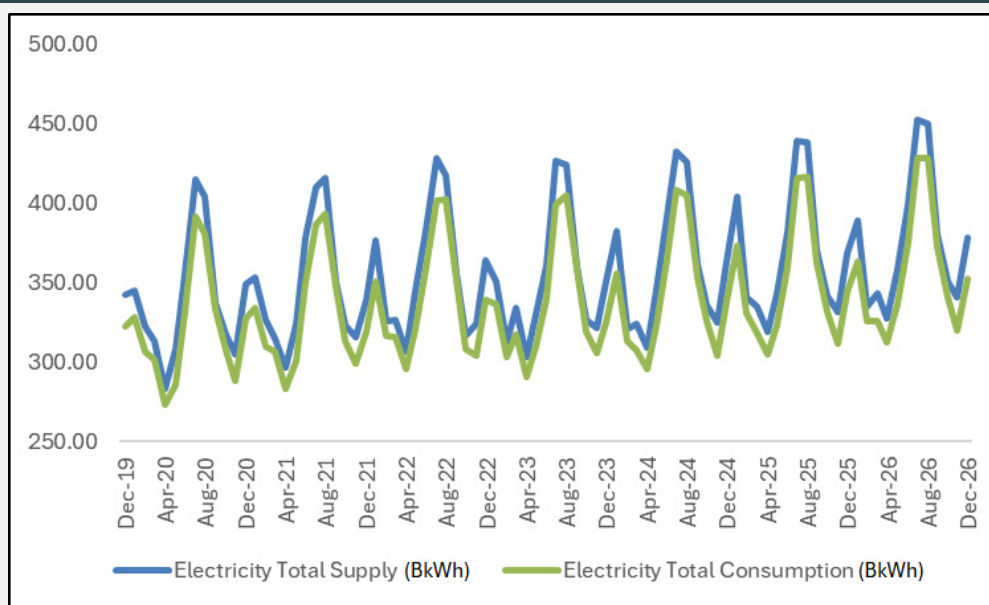


SUPPLY AND DEMAND

Natural Gas



Power



Key Takeaways

- **Storage lag widens** – Working gas sits ~12 % below July 2024 even after seasonally strong injections, underscoring a thinner buffer heading into winter.
- **Production plateaus** – U.S. natural gas output has stalled near 103 Bcf/d since May; incremental supply growth has not kept pace with surging power-sector burn.
- **Record peak loads** – Late June and early-July heat pushed PJM and ISO-NE to new summer demand highs while NYISO approached its all-time record, tightening reserve margins.
- **Weather premium persists** – NOAA continues to call for above-normal Atlantic hurricane activity, sustaining a weather-risk premium in late-summer contracts.