

ENERGY MARKET UPDATE

NATURAL GAS, POWER, AND MACRO & FUNDAMENTAL MARKET DRIVERS



April Markets Reprice Higher Across the Forward Curve

The energy markets have pivoted in April, with the forward curve repricing higher as expanding export capacity and structural demand drivers outweigh immediate fundamental relief. While the conclusion of the winter withdrawal season typically brings a seasonal lull, the market is increasingly focused on the transition to summer cooling needs and long-term load growth. Domestic natural gas inventories remain resilient, ending the withdrawal season at approximately 1,900 Bcf (3% above the five-year average), but the forward curve is signaling a tightening balance. With U.S. LNG output reaching new highs near 21 Bcf/d and commercial electricity demand projected to rise 3% this summer, pricing has moved away from the recent lows observed in March.



Natural Gas Summary

Natural gas forward prices moved higher in April, as the market looks past the shoulder season toward a summer characterized by increased power burn and record export capabilities.

- **Forward Strip Pricing:** The 12-month natural gas strip settled at \$3.766/MMBtu, a climb of \$0.191 from March. This shift indicates that market participants are accounting for higher average prices through the remainder of 2026.
- **Prompt Month Performance:** The April 2026 contract settled at \$3.095/MMBtu, up \$0.227 month-over-month. While this remains lower than 2025 levels, the prompt price has established a firm floor above the \$3.00 level.
- **Inventory & Production:** Domestic production continues to hold steady above 110 Bcf/d. Despite this robust supply, the EIA expects storage injections to end October at 4,015 Bcf, as increased demand for exports and power generation absorbs a larger share of daily output.
- **Export Influence:** The recent expansion of LNG infrastructure has pushed domestic output to new highs. This structural shift is increasingly linking Henry Hub pricing to global demand, maintaining upward pressure on the forward curve even during periods of mild domestic weather.

Power Summary

Power markets are mirroring the move in natural gas, with forward curves responding to shifting demand profiles and a rising "fuel floor" for generation.

- **Regional Price Trends:** April forward on-peak power prices show a notable firming across all major Eastern hubs compared to the March retreat. ISO-NE remains the most volatile, with the January 2027 strip projected to peak near \$185/MWh.
- **Commercial Demand Growth:** Electricity demand is forecasted to rise by 3% this summer. The commercial sector is leading this expansion, with growth projected to reach 6% by 2027, largely driven by the 51 GW of data center load currently online.
- **Forward Curve Sensitivity:** While prompt-month pricing remains relatively stable due to milder spring temperatures, the outer years (2027–2028) in PJM and NYISO are seeing increased premiums. These adjustments reflect concerns over capacity margins and the pace at which new generation can meet accelerating industrial load.
- **Reliability & Constraints:** High clearing prices in recent capacity auctions and ongoing infrastructure constraints continue to support elevated forward pricing, as the market balances the rapid addition of intermittent renewables with the need for firm, dispatchable power.

NATURAL GAS

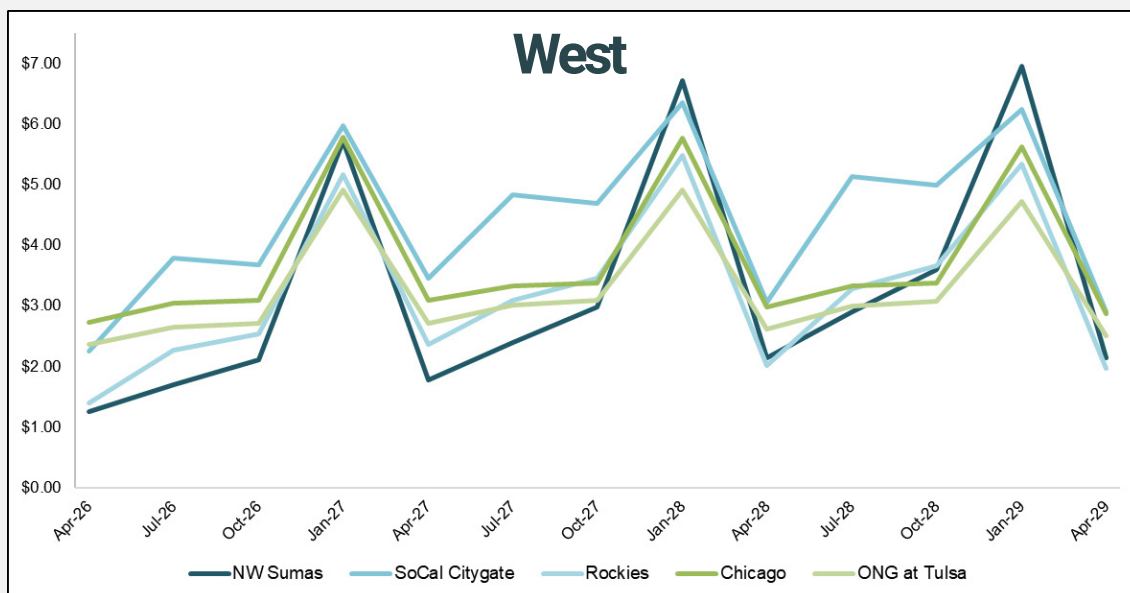
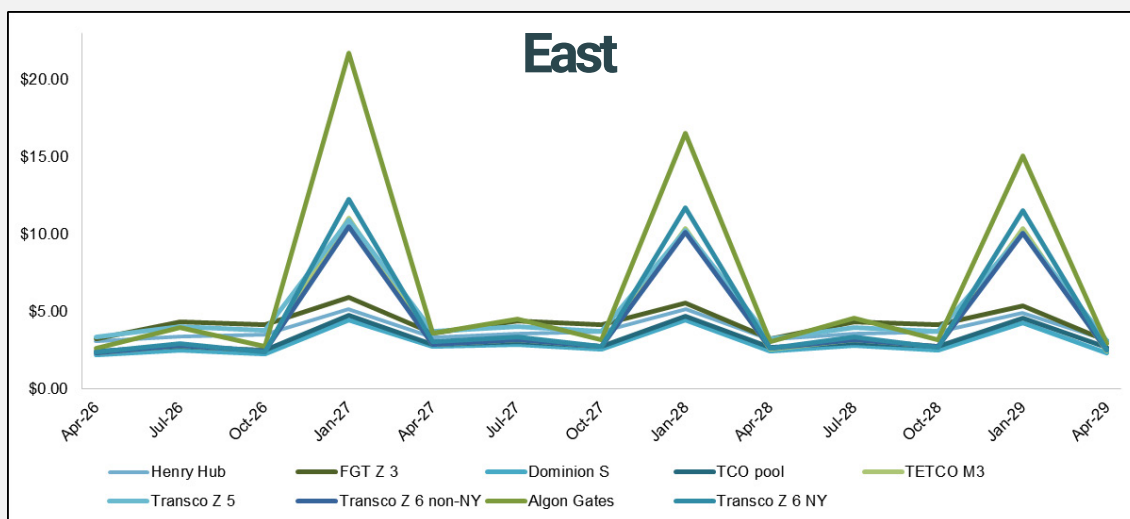
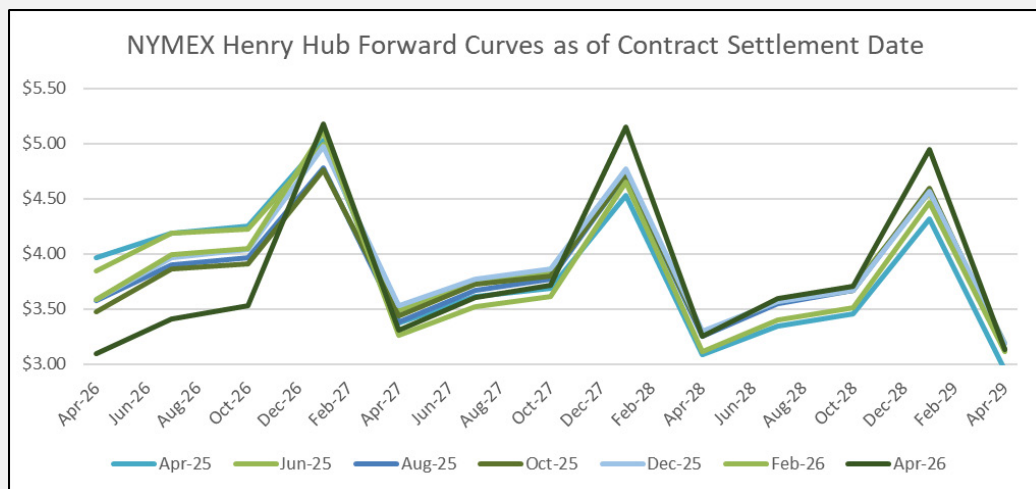
Forward Natural Gas Prices (\$/MMBtu)

Historical Prices

2022	\$	6.645
2023	\$	2.737
2024	\$	2.269
2025	\$	3.427

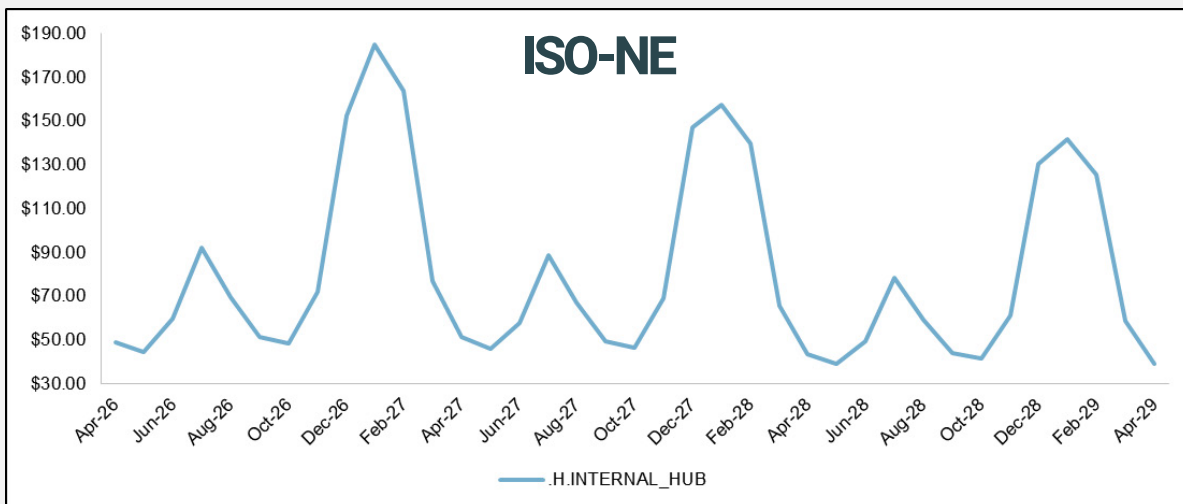
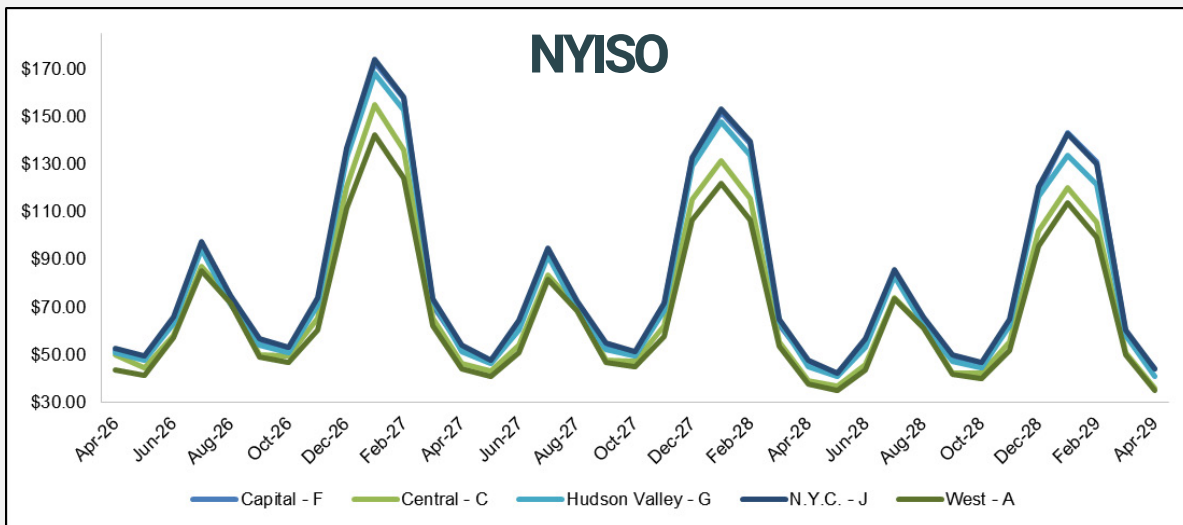
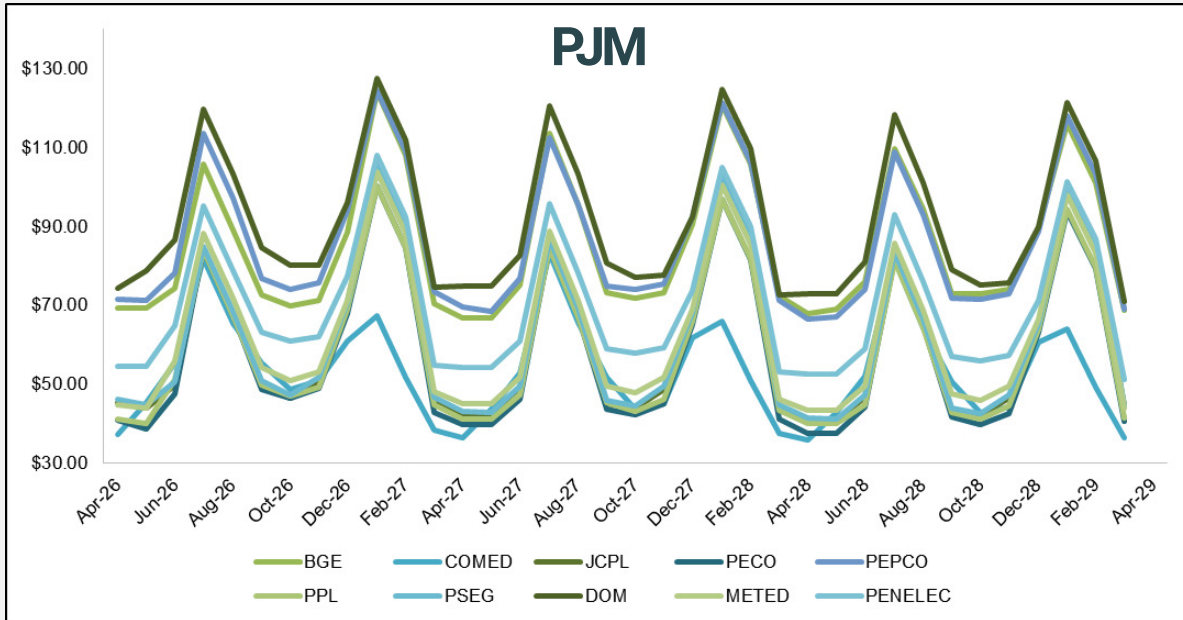
	Current	MoM	YoY
Apr-26	\$ 3.095	\$ 0.227	\$ (0.872)
May-26	\$ 3.025	\$ 0.138	\$ (0.944)
Jun-26	\$ 3.162	\$ 0.100	\$ (0.906)
Jul-26	\$ 3.409	\$ 0.064	\$ (0.778)
Aug-26	\$ 3.489	\$ 0.064	\$ (0.738)
Sep-26	\$ 3.467	\$ 0.056	\$ (0.727)
Oct-26	\$ 3.527	\$ 0.062	\$ (0.724)
Nov-26	\$ 3.836	\$ 0.104	\$ (0.575)
Dec-26	\$ 4.716	\$ 0.379	\$ (0.050)
Jan-27	\$ 5.179	\$ 0.486	\$ 0.152
Feb-27	\$ 4.621	\$ 0.419	\$ 0.032
Mar-27	\$ 3.661	\$ 0.190	\$ (0.224)

12 month Strip	Current	MoM	YoY
Cal 2026	\$ 3.766	\$ 0.191	\$ (0.530)
Cal 2027	\$ 3.904	\$ 0.133	\$ (0.702)
Cal 2028	\$ 3.895	\$ 0.184	\$ 0.024
Cal 2029	\$ 3.848	\$ 0.185	\$ 0.260
Cal 2029	\$ 3.695	\$ 0.075	\$ 0.225



POWER

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



MACRO & FUNDAMENTAL MARKET DRIVERS

Conflict Risk Supports Forward Markets

The war in Iran continues to support a lasting energy risk premium, but the longer-term impact appears **more significant for global gas than for U.S. energy markets**. Current pricing suggests oil has repriced sharply at the front of the curve while still implying some eventual normalization, whereas global gas benchmarks are signaling a more **persistent tightening in LNG-linked markets**. This distinction suggests the longer-lasting market impact is more likely to come through stronger global gas pricing, tighter LNG competition, and increased pressure on gas-fired power markets rather than from a prolonged disruption to domestic U.S. supply.

For the U.S., the impact appears more indirect. **Henry Hub has moved only modestly** compared with the much larger repricing in European and Asian gas benchmarks, reflecting the relative strength of domestic production and the country's insulation from imported LNG dependence. Even so, stronger global gas prices can still support U.S. LNG exports, tighten balances at the margin, and keep **some upward pressure on forward gas and power pricing**. In that sense, the war is acting as a bullish driver for gas and power markets by reinforcing global fuel uncertainty, even if the most severe long-term pricing effects are likely to remain concentrated outside the U.S.

Market Fundamentals Continue to Push Back

Domestic fundamentals are still providing a **meaningful bearish counterweight**. U.S. storage ended withdrawal season at 1,829 Bcf, or 0.8% above the five-year average and 5.2% above the same week last year, while production remains above 110 Bcf/d and spring weather trends have turned milder. That combination has **reduced immediate demand pressure** and helps explain why near-term gas pricing has not fully broken away despite stronger global energy risk. **Strong supply and comfortable storage** are limiting how far that premium can run in the front of the curve, even as LNG exports and geopolitical uncertainty continue to support prices farther out.

Power markets are seeing a similar push and pull. On the bullish side, electricity demand growth from data centers and industry continues to support longer-dated power values, particularly in regions already dealing with tighter reserve margins and reliability concerns. On the bearish side, milder weather and softer near-term gas fundamentals are reducing the urgency of a broader front-end repricing. The result is a market that still looks **relatively balanced in the prompt period**, but more sensitive farther out where load growth, fuel uncertainty, and infrastructure constraints can keep power pricing elevated.

Key Takeaways

- The Iran war is keeping a geopolitical premium in global energy markets, with the biggest spillover risk to **LNG-linked gas and power pricing** rather than oil alone.
- LNG exports remain a major source of support, and disruptions to Qatari supply are tightening the global gas balance.
- Electricity **demand growth from data centers and industry** continues to support longer-term power pricing and reliability-sensitive markets.
- U.S. gas storage remains **above both last year and the five-year average**, helping reduce immediate scarcity concerns.
- Record or near-record domestic production and milder weather are limiting near-term upside in gas and power.
- Overall, current pricing still reflects a **mixed market**: supportive global risk and LNG fundamentals on one side, and comparatively comfortable U.S. supply conditions on the other.