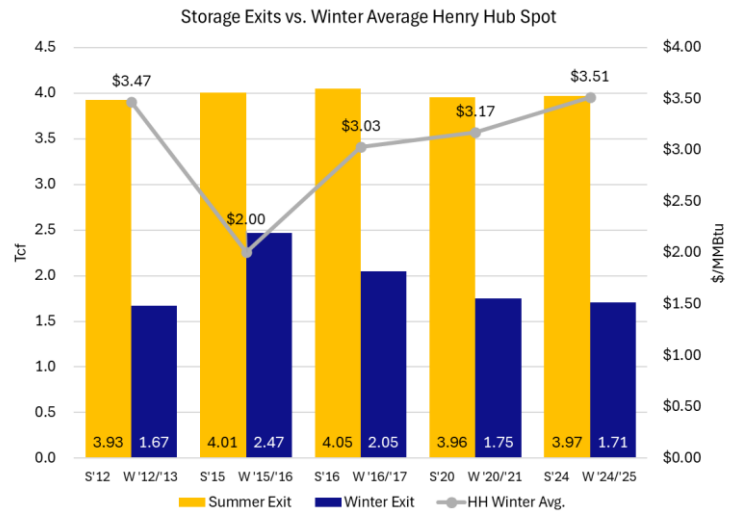
MNI: US Natural Gas Risks – Winter '25/'26 Preview

By Erica Blake (October 29, 2025)

L48 market is trending long heading into winter requiring additional demand to work off excess gas in storage ahead of next summer. Without a colder-than-normal winter, this demand is unlikely to be realized, and the latest weather outlooks suggest the season could trend warm. As a result, there may be downside price risk as forward prices are currently above historical average settlements.

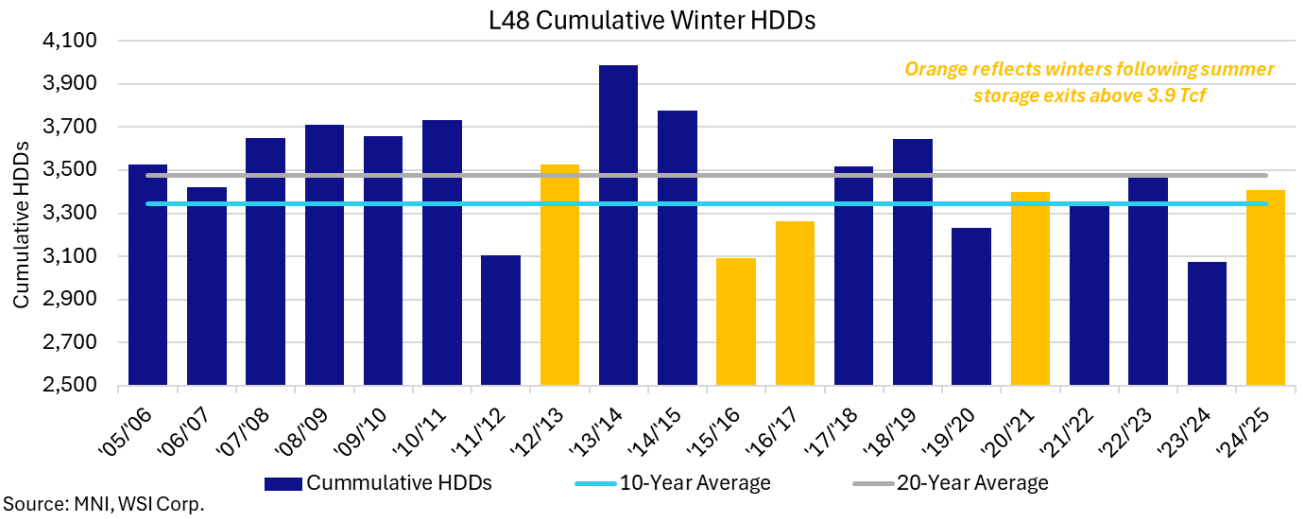
L48 natural gas storage breached the high end of normal at 3,808 Bcf on October 23rd with approximately 3-4 weeks left in the injection season. At the average injection rate of ~82 Bcf over the last three weeks, the market is on target to exit above 3.9 Tcf or even 4.0 Tcf for Summer 2025 if (1) early seasonal cooling doesn't manifest and/or (2) production isn't curtailed. As of October 28th, the forward curve for winter '25/'26 averaged $3.73/MMBtu with the January 2026 contract at $4.11/MMBtu, suggesting the market expects fundamentals to improve despite the high storage level and expects winter weather to materialize.



Source: MNI, EIA

Only five of the last 15 summer injection seasons exited above 3.9 Tcf: 2012, 2015, 2016, 2020, and 2024. Three of the winters ('12/'13, '20/'21, and '24/'25) following those years were able to recover to normal storage levels with withdrawals largely in-line with the five-year average and enter summer at normal levels. The two remaining winters, '15/'16 and '16/'17 were unable to recover to normal, largely due to rapidly accelerating associated gas production combined with warmer-than-normal winter weather. In all five cases with above-normal summer storage exits, Henry Hub spot prices averaged $3.51/MMBtu or less for the following winter. Compared with historical season with similar winter starts, the market is trading ~$0.40/MMBtu above the daily settlements for the winter strip.

The current natural gas market is in a very similar position to last summer, however, winter '24/'25 benefited from the early and rapid ramp of Plaquemines LNG. This upcoming winter should see some demand increase when Corpus Christi Stage 3 begins producing LNG, but Golden Pass is unlikely to meaningfully materialize in incremental demand



Source: MNI, WSI Corp.

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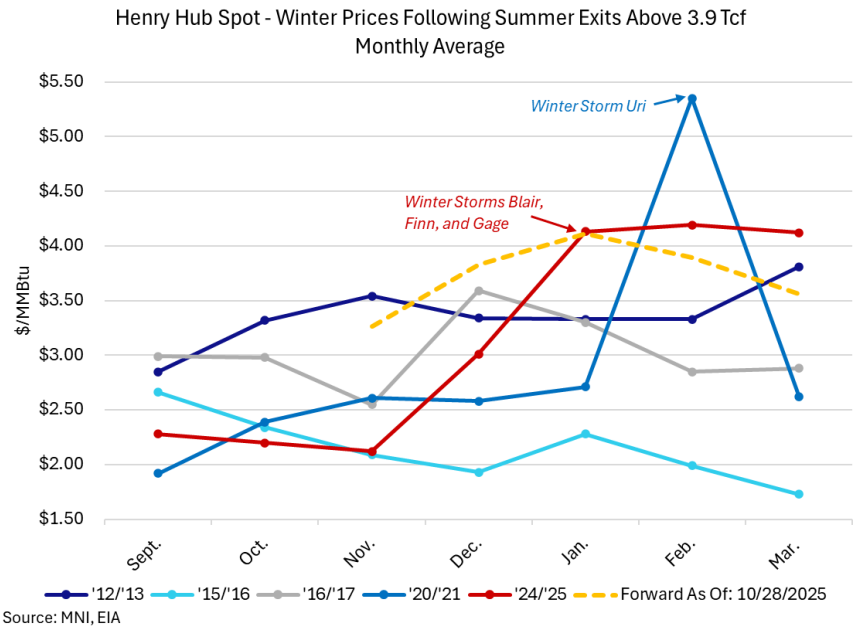
until next summer. Therefore, outside of incremental LNG demand, the market would likely require a colder-than-normal winter to exit at a normal storage level.

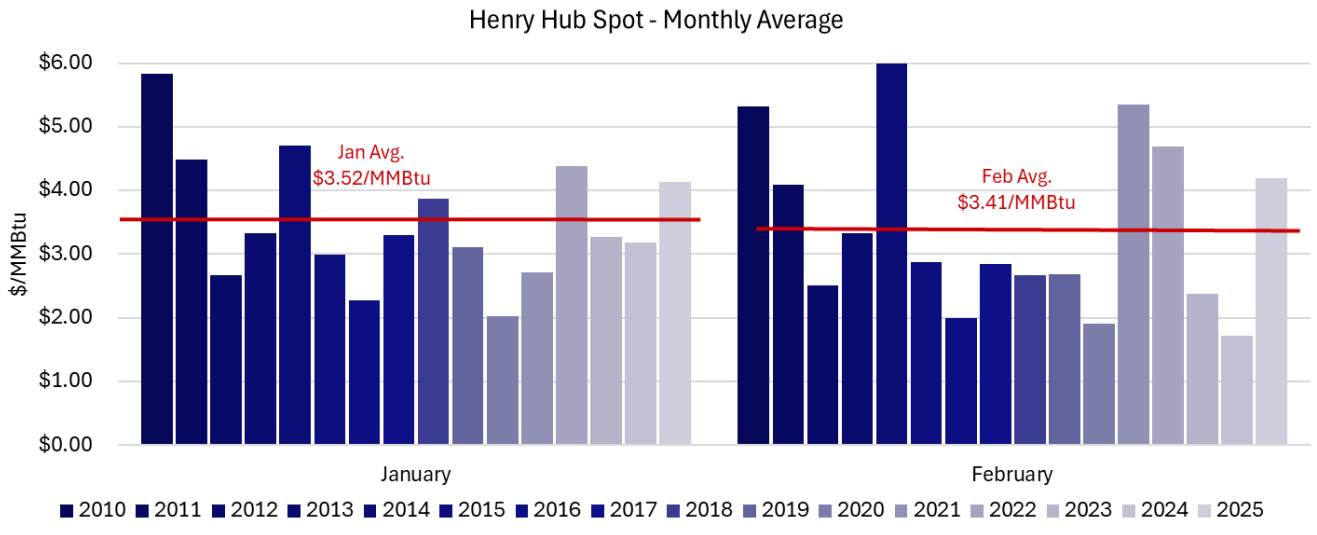
Winter '24/'25 had 3,409 cumulative HDDs, which was only slightly colder than normal compared with the 10-year normal of 3,344. Storage last winter remained above the five-year normal through the week of January 24th until three consecutive storms consisting of Winter Storm Blair, Winter Storm Finn, and Winter Storm Gage drew down storage at a more rapid pace. Without the benefit of a cold January, the market was on track to exit last winter near 2.0 Tcf.

Considering historical settlements, all winters following high summer exits had Henry Hub pricing average below the current forward curve in nearly every month of the season. The two exceptions are winter '20/'21 and '24/'25. Both periods had slightly colder-than-normal weather, though it did not manifest until late in the season. The significant winter storms of Uri in February 2021 and the January 2025 storms mentioned previously, pulled up the winter averages in both cases. Without a significant winter storm this winter, history suggests the forward curve may be too bullish heading into this upcoming winter.



Source: MNI, EIA

While the winter strip settlement is most often pulled up by runs in January and February, strength above $4.00/MMBtu does not occur every winter. January and February spot settlements averaged $3.52/MMBtu and $3.41/MMBtu between 2010 and 2024. As of October 28th, the January contract is trading $4.11/MMBtu, 59 cents above the historical monthly average settlement, and the February contract is trading $3.89/MMBtu, 48 cents above the historical average. Weather in January and February was colder than normal in 2010, 2011, 2012, and 2022 when prices were above the historical average, suggesting normal weather will not be enough to support Henry Hub above the historical average in these months, all else equal.

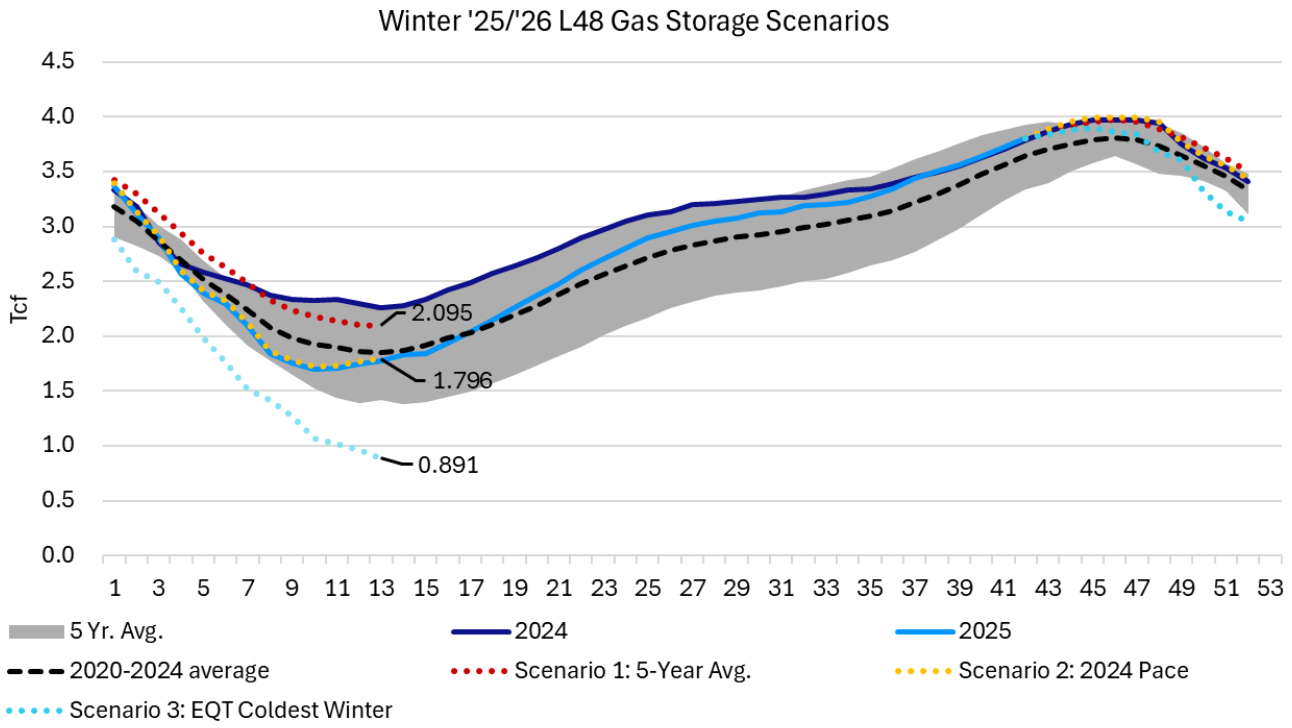


Source: MNI, EIA

L48 Storage Scenarios

With summer exiting above normal, several scenarios could play out through the upcoming winter. There are three potential scenarios that may bookend the risk range and they consist of the following:

- ***Scenario 1 – 5-year Average Withdrawal***: Assumes winter follows the 5-year average represented by 2020-2024. During this period, cumulative HDDs averaged 3,321 which is aligned with the 10-year average of 3,344 HDDs.
- ***Scenario 2 – 2024 Withdrawal***: Assumes winter follows the same path as last year, winter '24/'25. Last winter had 3,409 cumulative HDDs, which is slightly colder than normal as previously discussed.
- ***Scenario 3 – Coldest Winter Withdrawal***: In EQT's latest earnings, Toby Rice highlighted that some weather outlooks are projecting the coldest winter in over a decade based on views of a developing La Niña system in the pacific. Based on these statements, this scenario assumes winter follows the same path as Winter '13/'14, which was the coldest of the last 15 years. This winter had 3,989 cumulative HDDs, which was 645 above the 10-year normal and 512 above the 20-year normal.



Source: MNI, EIA

In Scenario 1, the market would exit winter 244 Bcf above normal at 2,095 Bcf, which is the most bearish case for Henry Hub. In Scenario 2, the market would exit at the high end of normal levels as it did last year, reaching 1,796 Tcf. The most bullish case for Henry Hub would be Scenario 3, where the market would exit 960 Bcf below normal at 891 Bcf. Scenario 3 reflects a winter when L48 storage exited below 1.0 Tcf, which has only happened once in the last 15 years. This would require a weekly average withdrawal pace of 151 Bcf compared with the 5-year average weekly withdrawal of 100 Bcf.

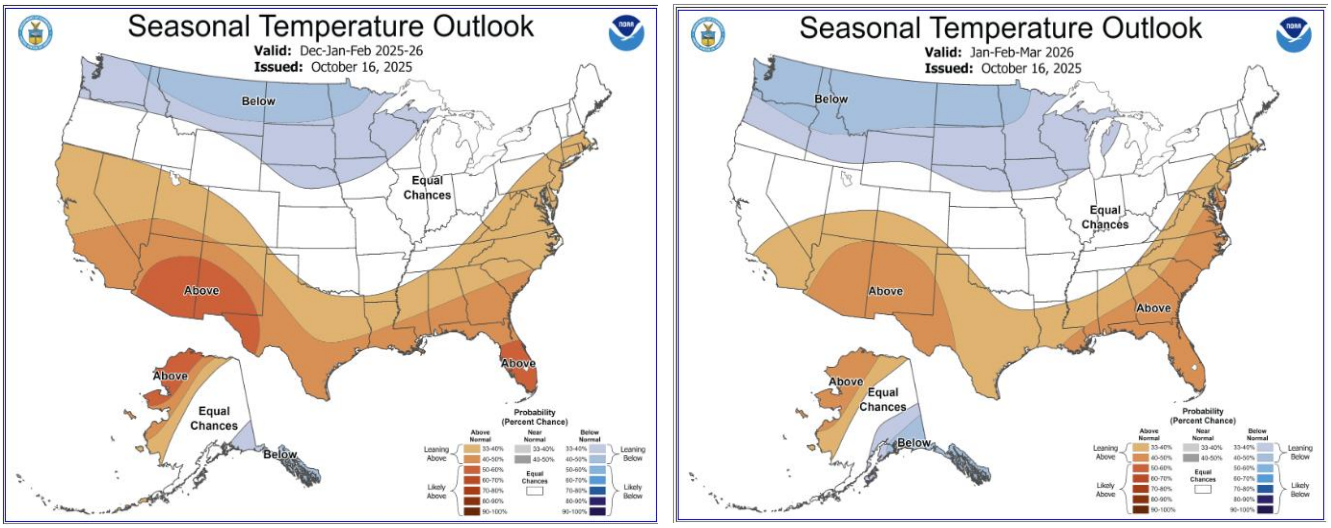
If normal storage is defined as the market's psychological range of 1.6-1.8 Tcf, then only three of the last 15 winters have exited within the normal range, suggesting the risk is skewed to exit either above or below normal rather than at normal.

Weather Outlooks

L48 storage levels suggest the need for a colder-than-normal winter, but where that demand occurs is more important than just an overall cooling trend. The latest NOAA seasonal forecasts from October 18th call for equal chances between above-normal and below-normal weather across much of the Midwest and Northeast, while calling for above-normal temperatures along the Gulf Coast. NOAA stated that the temperature outlook for Nov-Dec-Jan '25/'26 favors above-normal seasonal mean temperatures for much of the contiguous US, except for the northern tier of the country.

In the same NOAA release, the organization also issued a La Niña advisory and stated that expectations are for a relatively weak and short-lived event through winter '25/'26. Further, the most common La Niña impacts contribute to the outlook during the late-autumn and winter months. NOAA states that during La Niña events in the Pacific, the event causes the jet stream to shift northward and weaken over the eastern Pacific. During La Niña winters, the South sees warmer and drier conditions than usual, while the North and Canada tend to be wetter and colder.

The current state of L48 natural gas storage levels may require a colder-than-normal winter to renormalize ahead of next summer, but the preliminary winter weather forecasts indicate a warmer winter may be more likely. However, there remains upside weather risk depending on the path of the jet stream. It is possible that areas such as Chicago and the Northeast are far enough north to experience some colder weather.



Source: National Oceanic and Atmospheric Administration (NOAA), October 18th Three-Month Outlooks