The NG Haynesville-Appalachia Rig Ratio Z Signal.

Thirty-four years of capital rotation between the two main US gas basins mapped against NYMEX natural gas forward returns.

David Stendahl DOT Market Lab Analytics DOT November 4, 2026

What this signal is

Why Haynesville and Appalachia serve different demand pools (LNG export vs Northeast domestic). Why capital-rotation ratios lead supply dynamics by 6-12 months. Why the signal is a backdrop context indicator rather than a tactical trigger despite the clean economic story.

Operators choose where to deploy rigs based on relative basin economics including gas price differentials, takeaway pipeline availability, and completion costs. Haynesville gas feeds US Gulf Coast LNG export terminals; Appalachia (Marcellus-Utica) gas feeds the Northeast domestic market via takeaway pipelines. The rig ratio tracks which basin is attracting capital, which transmits into pipeline and LNG supply over 6-12 months.

Current reading as of November 2, 2026: composite −0.817, Haynesville Dominant, 358 trading days in band. Capital is firmly rotated toward Haynesville basin, suggesting LNG-feed supply is building.

D O T D O T D O T

How the inputs compose

The signal reads Baker Hughes weekly US rig count by basin, computes the ratio of Haynesville to Appalachia, runs a 24-month rolling z-score of the log ratio, and tanh-bounds to plus-or-minus one. Positive composite reads Appalachia-dominant deployment. Negative reads Haynesville-dominant. State machine uses plus-or-minus 0.5 as the Dominant band boundaries.

D O T D O T D O T

What the state-conditional returns have actually done

Nat gas forward 60-day benchmark across the 8,682-day sample has a mean of minus 1.09 percent and a median of minus 0.84 percent; both reference points anchor the regime edges below.

State Haynesville-dominant (phase minus one, composite below minus 0.5) covers 23.4 percent of the sample and delivers minus 0.79 percent forward 60-day, a plus 0.30 percentage point edge above the mean baseline. State Neutral Routing covers 66.7 percent and delivers minus 1.21 percent. State Appalachia-dominant (phase plus one) covers 9.9 percent and delivers minus 1.01 percent, a plus 0.08pp edge. Signal discrimination is modest; read as basin-rotation backdrop rather than tactical trigger.

D O T D O T D O T

Three cases that frame how to read this signal

Case 1: June 2025 to present. The current Haynesville-dominant LNG-feed run.

The composite moved into state Haynesville dominant on June 2, 2025 as operators rotated capital toward Gulf Coast LNG-feed basin economics. Over the 358-trading-session run NG ratio-adjusted continuous fell from 4.13 to 2.86, a minus 30.8 percent in-regime move.

Case 2: January 2023 to June 2024. The 2023-2024 Appalachia-dominant run.

The composite moved into state Appalachia dominant on January 3, 2023 as Northeast basin economics tilted favorable. Over the 356-trading-session window NG ratio-adjusted continuous fell from 6.95 to 4.14, a minus 40.5 percent move.

Case 3: November 2024 to May 2025. The 2024-2025 Appalachia-dominant window.

The composite moved into state Appalachia dominant on November 1, 2024 as rig allocation shifted Northeast. Over the 124-trading-session window NG ratio-adjusted continuous rallied from 2.96 to 4.28, a plus 44.6 percent move.

D O T D O T D O T

How to use the signal today

The composite reading is firmly in Haynesville-dominant territory and running the longest since 2019. Capital allocation is strongly tilted toward LNG-feed supply over domestic takeaway. For a gas PM, this is background support for the near-term bearish case, weak as a standalone signal. Watch Friday Baker Hughes rig-count release for weekly updates.

D O T D O T D O T

Methodology notes

Data source: Baker Hughes weekly US rig count by basin, Haynesville and Appalachia series. Weekly cadence (Friday release). Benchmark: NYMEX natural gas ratio-adjusted continuous (CSI feed NG_1220BD). Forward 60-day returns computed as the 60-day forward percentage change. Composite: 24-month rolling z-score of log ratio, tanh-scaled.

D O T D O T D O T

What this signal does not cover

This signal does not cover: non-US LNG-feed basins (Qatar, Australia, African producers); permits-to-drill versus rigs-active distinction; completion-stage activity (which lives in the DUC signal); pipeline takeaway constraints in either basin. This signal reads ONLY the relative rig-count ratio between two US basins.