

Early Morning Update

The May '21 natural gas contract is trading up \$0.05 at \$2.73. The May '21 crude oil contract is down \$0.23 at \$62.90.

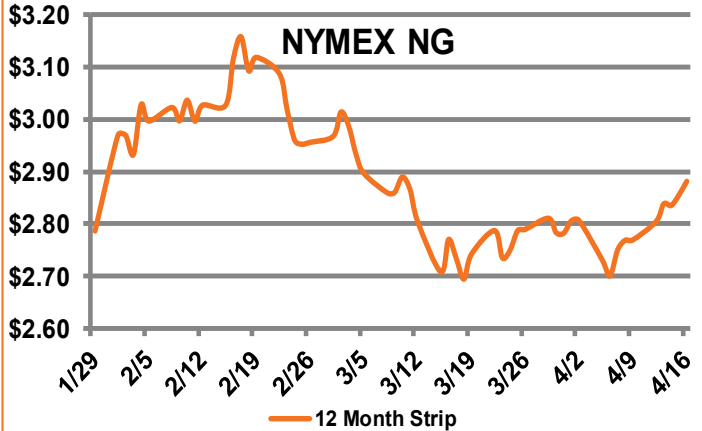
Summary: Last week, the May '21 NYMEX natural gas contract gained 15.4 cents/MMBtu on the heels of lower production and elevated residential/commercial heating demand. Several regions are reporting lower natural gas production as pipeline operators perform routine maintenance. Natural gas production breached the 92 Bcf/day mark earlier this month, but has since slid below 91 Bcf/day, due to pipeline maintenance, even while the weekly rig count grew by seven last week, according to Baker Hughes data. Texas was the primary contributor to the net gain, adding four rigs, while the Northeast reported a loss of one rig, and other regions reported single rig gains. Many economic indicators are also pointing bullish. The Institute of Supply Chain Management released their Purchasing Managers Index (PMI) report earlier this month, coming in at 64.7 versus a forecasted 61.3. While PMI has breached 60 several times over the past decade, you'd have to look all the way back to 1983 to see levels above 64, noting that anything over 50 represents growth. All in all, the market digested last weeks events as bullish. Q3-21 gained 13.3 cents, Q4-21 gained 11.6, and Q1-22 gained nearly nine cents, while the calendar year strips for 2022, 2023, and 2024 gained 4.1 cents, 3.4 cents, and 3.8 cents, respectively.

Bullish Factors

- Near-record LNG exports
- High exports to Mexico
- Storage deficits

Bearish Factors

- Coronavirus impacts on demand
- Strong production
- Milder weather



Next Day On-Peak Power (traded for 4/19/2021)

ISO-NE Mass Hub \$31.00	MISO Indiana Hub \$31.00	NYISO Zone G \$29.33
PJM West Hub \$31.30	ERCOT North \$47.59	CAISO SP15 \$35.46
NYMEX NG		
	Close	Change
May-21	2.680	0.022
Jun-21	2.754	0.024
12 Month	2.881	0.026
Cal 22	2.701	0.009
Cal 23	2.577	0.012

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,845	1,784	2,087	1,834
Diff v. Current		61	-242	11
% Diff			-11.6%	0.6%

