

Early Morning Update

The Mar21 natural gas contract is trading up \$0.14 at \$2.99. The Mar21 crude oil contract is up \$1.35 at \$54.90.

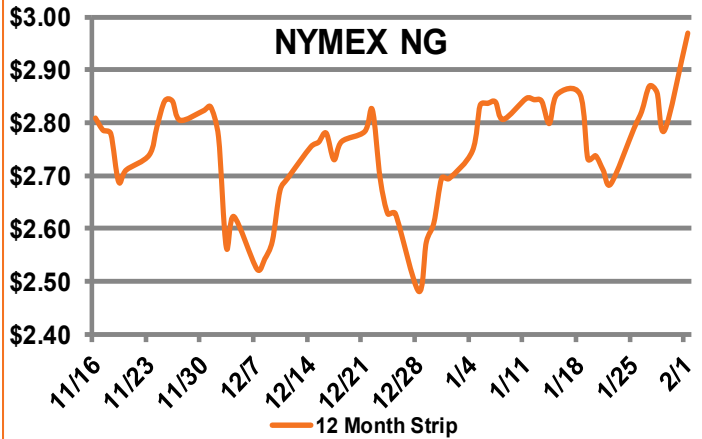
Summary: The winter storm is showing its effects in the PJM and Mid-Continent regions and pushing natural gas and regional energy prices higher. Day-ahead and real time index prices experienced jumps, but so did the NYMEX natural gas prompt month. The March contract saw most of the change, with a \$0.286/MMBtu increase for over 10% of the starting price. The balance of the 2021 calendar year increased by a minimum of \$0.15/MMBtu, but the winter of 2022 was similarly affected. Midcon market storage had the largest losses contributing to higher upside risk to Chicagoan natural gas prices, as temperatures for the region fell more than 20 degrees compared to temperatures last year. Temperature and snowy precipitation is going to be highly impactful on price and demand through the rest of the season as forecasts continue to change. Though the market may be more concerned about the current reactions in the market, it must also consider what the higher demand could do to storage levels for next winter. Paired with concerns over production through the summer months due to federal legislation and dwindling drilled-but-uncompleted wells, storage for next winter is becoming continually threatened.

Bullish Factors

- LNG exports back in force
- High exports to Mexico
- Unstable production

Bearish Factors

- Coronavirus impacts on demand
- Healthy storage levels
- Lack of significant heating demand



Next Day On-Peak Power (traded for 2/2/2021)

| | | |
|----------------------------|-----------------------------|-------------------------|
| ISO-NE Mass Hub \$68.00 | MISO Indiana Hub \$31.61 | NYISO Zone G \$47.22 |
| PJM West Hub \$32.66 | ERCOT North \$23.12 | CAISO SP15 \$35.00 |
| NYMEX NG | Close | Change |
| Mar-21 | 2.850 | 0.286 |
| Apr-21 | 2.821 | 0.229 |
| 12 Month | 2.970 | 0.184 |
| Cal 22 | 2.702 | 0.060 |
| Cal 23 | 2.549 | 0.007 |

EIA Natural Gas Storage

| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
|----------------------------|-----------|-----------|-----------|-------------|
| Total | 2,881 | 3,009 | 2,803 | 2,637 |
| Diff v. Current | | -128 | 78 | 244 |
| % Diff | | | 2.8% | 9.3% |

