

**Early Morning Update**

The Mar21 natural gas contract is trading up \$0.02 at \$2.81. The Mar21 crude oil contract is up \$0.31 at \$56.00.

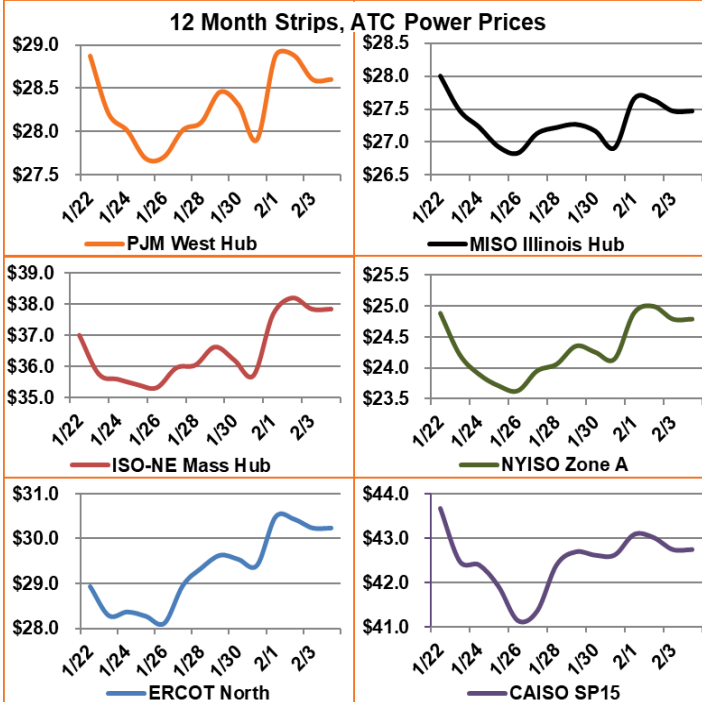
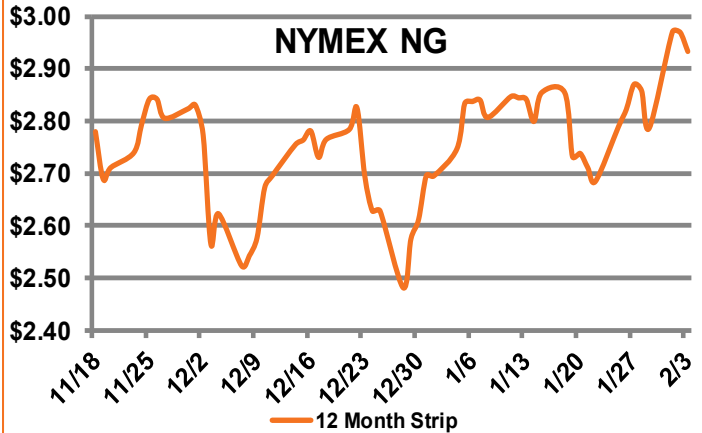
**Summary:** As temperatures increased in the Southeast, power burn demand decreased by 0.8 Bcf/d, which appears to have helped the prompt month slow its recent rally, and actually lose a nickel yesterday, settling out the day at \$2.789/MMBtu. Weather forecasts in the 11-20 day outlook have been revised to slightly warmer, albeit still well below normal, which could also be adding to the slight softening in the March prompt month contract. As is generally the case when weather is the major driver, little movement was felt in the outer years, with cal strips '22 and beyond losing just a penny or less. Buzz in the market regarding natural gas storage is front and center with the potential for large withdrawals looming. Natural gas storage reserves have been operating at a surplus for all of 2020, despite the decrease in production, and we're now being reminded of the potential to reverse that surplus and exit winter at a deficit to both last year and the 5-year average. The U.S. Energy Information Administration is expected to report a withdrawal of around 194 Bcf today, which would be about 50 Bcf larger than the 5-year average.

**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 2/4/2021)**

ISO-NE Mass Hub \$104.36	MISO Indiana Hub \$26.06	NYISO Zone G \$60.48
PJM West Hub \$30.07	ERCOT North \$22.06	CAISO SP15 \$30.00
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Mar-21	2.789	-0.056
Apr-21	2.772	-0.046
12 Month	2.933	-0.037
Cal 22	2.674	-0.013
Cal 23	2.513	-0.013

**EIA Natural Gas Storage**

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

