

Early Morning Update

The Mar21 natural gas contract is trading up \$0.07 at \$2.93. The Mar21 crude oil contract is up \$0.75 at \$57.60.

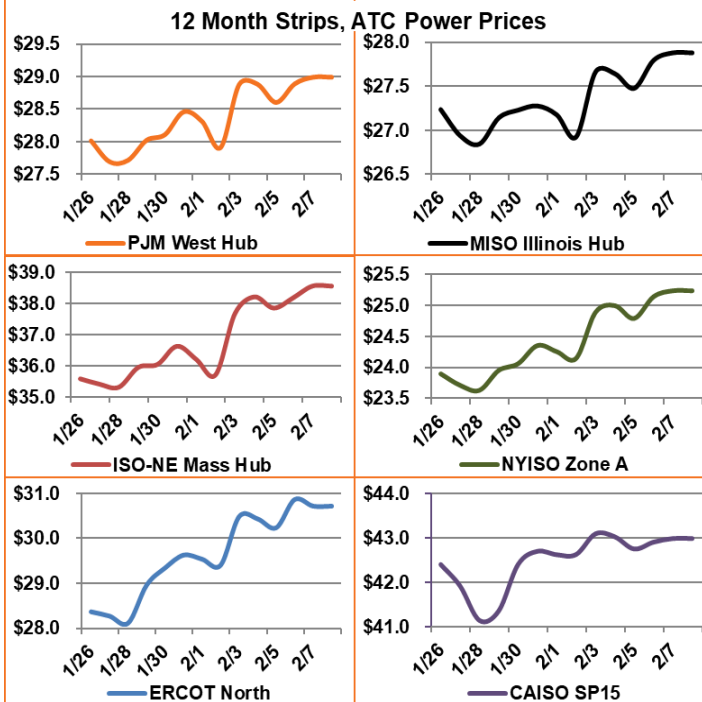
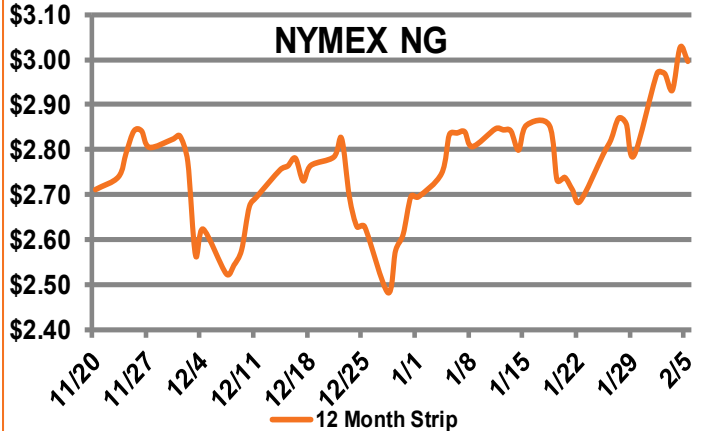
Summary: To summarize last week's natural gas price activity, the March 2021 prompt month contract started the week off with a bang. On Monday, the prompt month contract rallied \$0.286 cents, opening at \$2.564/MMBtu and closing at \$2.850/MMBtu. The rest of the week yielded mixed outcomes, but, ultimately, the prompt month closed the week on Friday at \$2.863/MMBtu, a gain of nearly 30 cents from the previous week. The calendar strips yielded mixed results for the week. Cal '22 gained six cents, while 2023 and 2024 lost two and three cents, respectively. Residential/Commercial heating demand has been off to a strong start for February, as below-average temperatures have taken hold. That trend is anticipated to grow even stronger this week. Total demand is forecasted to exceed the previous record from January 2019 and break 146 Bcf/day by mid-week. The frigid temperatures are likely to bolster cash prices at regional basis hubs, which are likely to carry over into higher index prices for power as well. But will that carry over into the forwards? Analysts are eyeing gains in production, particularly in Texas, to hopefully mute the longer-term concerns of short-term weather.

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 2/8/2021)

ISO-NE Mass Hub \$109.61	MISO Indiana Hub \$45.00	NYISO Zone G \$79.78
PJM West Hub \$39.71	ERCOT North \$28.80	CAISO SP15 \$36.83
NYMEX NG	Close	Change
Mar-21	2.863	-0.072
Apr-21	2.841	-0.048
12 Month	2.997	-0.031
Cal 22	2.703	-0.001
Cal 23	2.519	0.004

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,689	2,881	2,648	2,491
Diff v. Current		-192	41	198
% Diff			1.5%	7.9%

