

Early Morning Update

The Mar21 natural gas contract is trading down \$0.07 at \$2.81. The Mar21 crude oil contract is down \$0.17 at \$57.80.

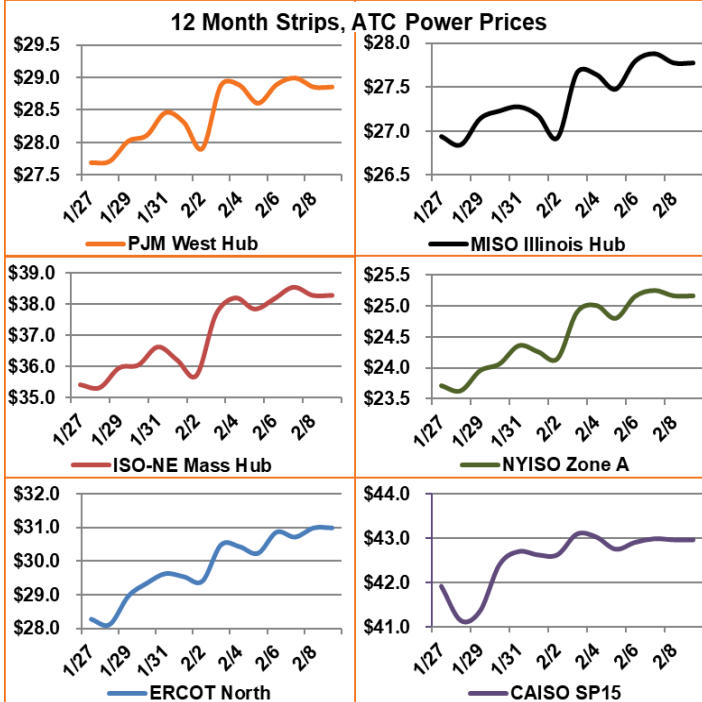
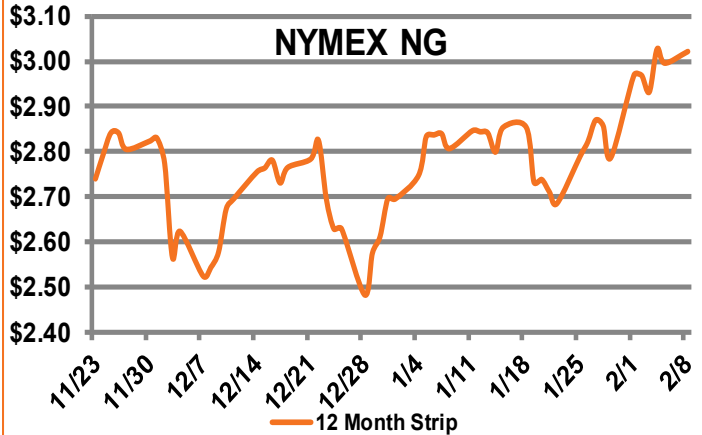
Summary: NYMEX natural gas prices for the short term have become elevated over the last couple weeks due to elevated demand and concern over the cold arctic air that has settled over the majority of the country. The prompt month settled at \$2.882/MMBtu yesterday, up another two cents. Surges in U.S. natural gas demand have increased levels by over 10 Bcf/d already, but are expected to grow another 10 Bcf/d over the next four days. The market price has reacted to the demand, but production has remained steady. However, weather shifts to the cold are expected to freeze over some of the drilling rig wellheads and can have seriously negative effects on production, especially in the northern regions. This will most likely have further drastic impacts on the index markets. This short-term impact has not seriously changed the longer-term NYMEX pricing, but the prices through Calendar 2022 has been creeping up slightly as a result of concern on long term storage levels. The cold has also been impacting energy prices and pushing up day-ahead pricing as the electricity market has been more reliant on natural gas for generation capacity as coal substitutions take place.

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 2/9/2021)

ISO-NE Mass Hub \$107.25	MISO Indiana Hub \$48.12	NYISO Zone G \$79.34
PJM West Hub \$37.02	ERCOT North \$29.68	CAISO SP15 \$33.96
NYMEX NG	Close	Change
Mar-21	2.882	0.019
Apr-21	2.862	0.021
12 Month	3.023	0.026
Cal 22	2.727	0.024
Cal 23	2.539	0.020

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%

