

Early Morning Update

The Mar21 natural gas contract is trading up \$0.17 at \$3.08. The Mar21 crude oil contract is up \$0.23 at \$59.70.

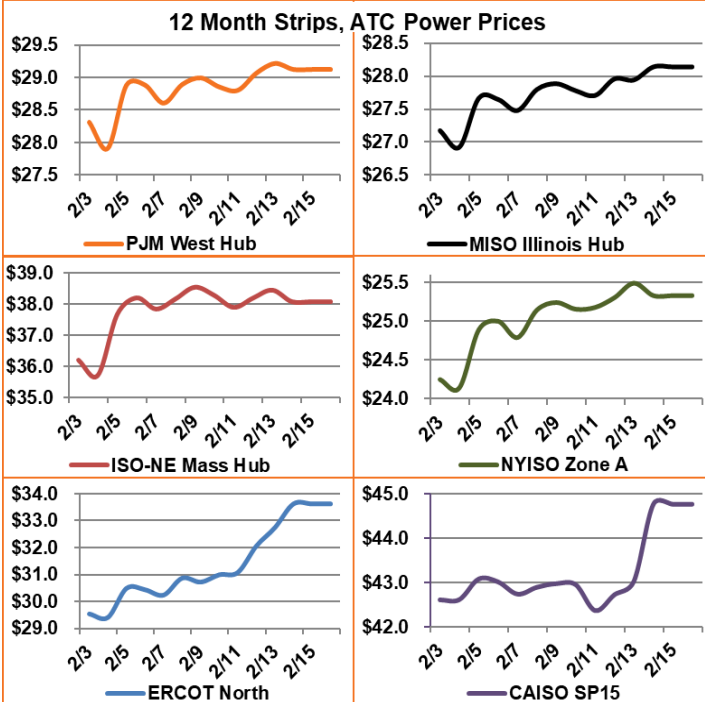
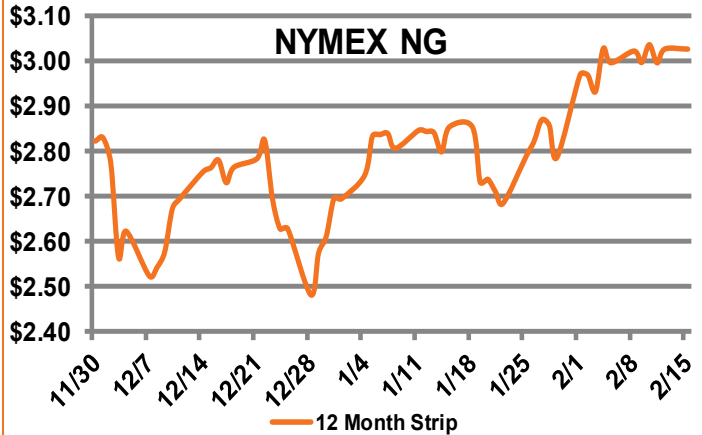
Summary: Cold winter has started impacting many different markets, but has been adversely hurting the Texas market the most. Prices for energy have temporarily hit near market maximums for the real time at \$9,000/MWh since the 13th. The cold has prevented most of the wind turbines to operate, severely limiting the capacity across ERCOT and creating an undersupply and an announced Energy Emergency Alert Level 3. To lessen the burden on the utilities, ERCOT has begun rolling blackouts across different parts of the state that will last between 15 to 45 minutes. This historical weather event is a great example of why it is dangerous to ride the market without locking in at least a portion of your energy load. While weather forecasts are not calling for as cold of a beginning to next month, the forward prompt month for natural gas has been rising with the effects of current cold and has seen more than a 15-cent increase per MMBtu. While it would not be unexpected to see a decrease in forwards for natural gas as the near-term cold weather wanes, there is market concern that storage will be depleted to the point where the next year or so will have limited storage and higher prices as a result.

Bullish Factors

- LNG exports back in force
- High exports to Mexico
- Frigid temperatures

Bearish Factors

- Coronavirus impacts on demand
- Healthy storage levels
- Strong production



Next Day On-Peak Power (traded for 2/16/2021)

ISO-NE Mass Hub \$67.00	MISO Indiana Hub \$203.80	NYISO Zone G \$67.98
PJM West Hub \$87.42	ERCOT North \$6,153.49	CAISO SP15 \$201.41
NYMEX NG	Close	Change
Mar-21	2.912	0.044
Apr-21	2.876	0.040
12 Month	3.027	0.030
Cal 22	2.721	-0.003
Cal 23	2.542	-0.007

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,518	2,689	2,527	2,366
Diff v. Current		-171	-9	152
% Diff		-0.4%	6.4%	

