

**Early Morning Update**

The Mar21 natural gas contract is trading down \$0.03 at \$3.10. The Mar21 crude oil contract is down \$0.45 at \$59.60.

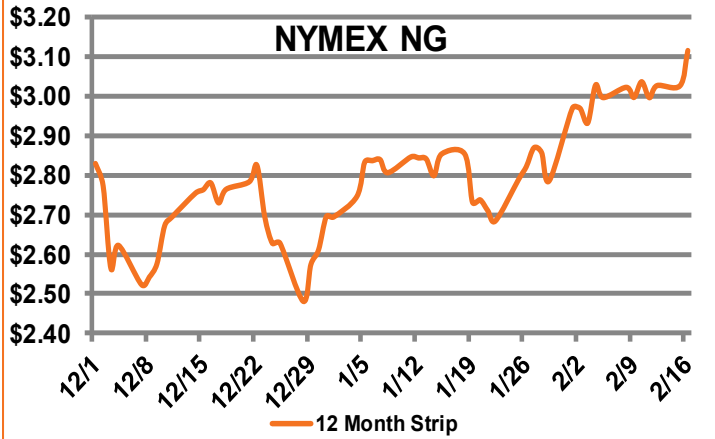
**Summary:** After a very mild start to this winter, it appears all of the frigid temperatures had been saved up for February. The cold is extreme and sustained for most of the demand centers across the US, but the effects are most severe in Texas. The cold that the state experienced over the past few days has caused a shock to the grid, resulting in widespread generation losses causing extreme scarcity conditions for the grid and for pricing. The situation has become critical to the point of some government intervention. Texas is not the only one feeling the bitter cold. The Mid-Con region was also blanketed, and the Northeast is not out of the woods yet. The brunt of the cold front is expected to hit the region Thursday into Friday, with freezing rain in the Mid-Atlantic, and expectations for snow anywhere from 3-6". Due to the cold, U.S. storage could potentially see a record-setting storage withdrawal for the week ending Feb. 19, and it's projected that the EIA storage report tomorrow to be near 265 Bcf, much higher than the five-year average. The next couple of reports are expected to drop levels down below the five-year average, causing concerns for the upcoming injection season. Meanwhile, U.S. dry production has dropped over 10 Bcf to below 80 Bcf/d due to wellhead freeze-offs in the Northeast and Texas, and could continue with the cold in the forecasts.

**Bullish Factors**

- Frigid temperatures
- High exports to Mexico
- Faltering production

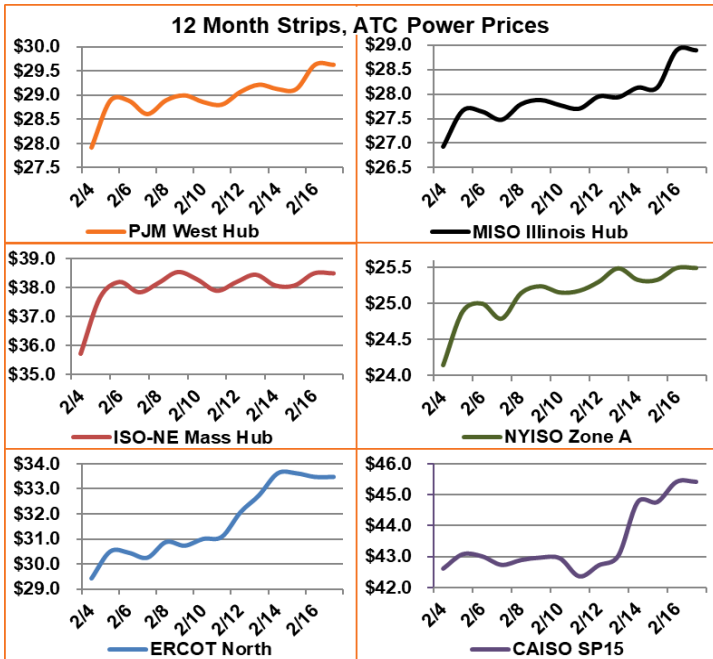
**Bearish Factors**

- Coronavirus impacts on demand
- Healthy storage levels
- Drop in LNG exports



**Next Day On-Peak Power (traded for 2/17/2021)**

ISO-NE Mass Hub \$103.36	MISO Indiana Hub \$320.00	NYISO Zone G \$87.42
PJM West Hub \$130.58	ERCOT North \$8,800.00	CAISO SP15 \$454.53
NYMEX NG	Close	Change
Mar-21	3.129	0.217
Apr-21	2.983	0.107
12 Month	3.116	0.089
Cal 22	2.751	0.030
Cal 23	2.558	0.017



**EIA Natural Gas Storage**

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

