

Early Morning Update

The Apr21 natural gas contract is trading up \$0.01 at \$2.80. The Apr21 crude oil contract is up \$0.08 at \$63.30.

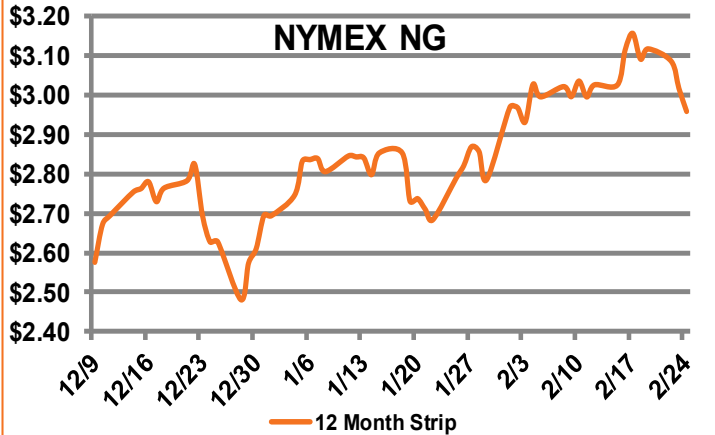
Summary: Production continues to recover, as the post-cold snap warmth has put downward pressure on the short-term natural gas market for the fifth trading day in a row. The March contract weakened by \$0.025/MMBtu during yesterday's trading session amidst 0.317 Bcf of gas coming back online in The Southeast and Texas. The prompt contract expired at \$2.854/MMBtu, down nearly \$0.40/MMBtu from its recent high last fall. Last March settled at \$1.82/MMBtu pre-lockdowns, and the five-year March average is \$2.56/MMBtu. The rest of the 24-month strip also fell within the range of \$0.02-\$0.06/MMBtu, as preliminary weather forecasts for March depict above-normal temperatures leading to bearish demand. Today's storage report, set to be released by the U.S. Energy Information Administration at 10:30 this morning, is expected to capture near-record breaking levels of demand from last week's winter event. The withdrawal range is estimated to be between 287 and 374 Bcf, both well above the five-year average. For reference, the current withdrawal records sits at 359 Bcf.

Bullish Factors

- Near-record LNG exports
- High exports to Mexico
- Storage deficits

Bearish Factors

- Coronavirus impacts on demand
- Strong production
- Mild weather



Next Day On-Peak Power (traded for 2/25/2021)

ISO-NE Mass Hub \$31.05	MISO Indiana Hub \$27.00	NYISO Zone G \$29.98
PJM West Hub \$24.12	ERCOT North \$22.90	CAISO SP15 \$28.56
NYMEX NG	Close	Change
Mar-21	2.854	-0.025
Apr-21	2.795	-0.062
12 Month	2.960	-0.059
Cal 22	2.679	-0.034
Cal 23	2.527	-0.008

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,281	2,518	2,386	2,224
Diff v. Current		-237	-105	57
% Diff			-4.4%	2.6%

