

Early Morning Update

The Feb21 natural gas contract is trading up \$0.12 at \$2.66. The Feb21 crude oil contract is up \$0.38 at \$48.90.

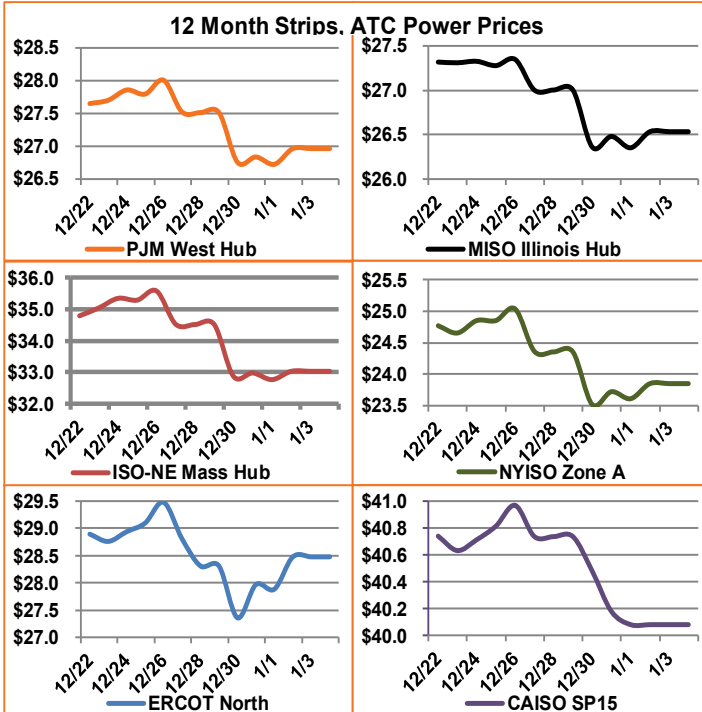
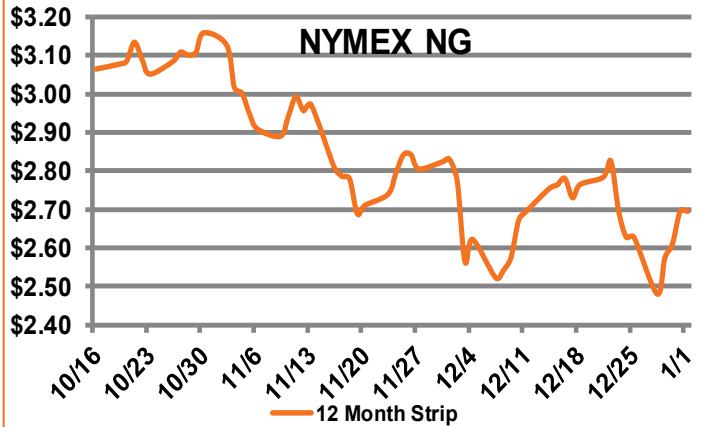
Summary: Happy New Year and here's to a brighter 2021! In case you've been away, we'll focus on what you missed last week. The January 2021 NYMEX natural gas contract expired last Tuesday, Dec. 29, at \$2.467/MMBtu, after a brief selloff on Monday (12/28), where the contract hit an all-time low settle of \$2.305/MMBtu. The Cal 2021 NYMEX contract also expired at \$2.583/MMBtu – a noticeably sharp decline after trading above \$3/MMBtu in early November. The drop was driven by warmer weather forecasts showing the eastern U.S. lacking any signs of sustained cold until potentially the latter half of January. Thursday's storage report came in on the bearish side, with a 114 Bcf withdrawal reported by the U.S. Energy Information Administration. Market estimates were closer to 125 Bcf. This leaves current storage more than 200 Bcf higher than last year and the 5-year average. With normal winter temps and production remaining around 90 Bcf/d, we can expect withdrawals to be closer to historical ranges. With these fundamentals in place, power index markets remained soft over the holidays, with prices averaging in the mid-30s in NEPOOL, low-20s in PJM, and high-teens in ERCOT.

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 1/4/2021)

ISO-NE Mass Hub \$30.20	MISO Indiana Hub \$25.05	NYISO Zone G \$26.78
PJM West Hub \$23.50	ERCOT North \$21.24	CAISO SP15 \$39.13
NYMEX NG	Close	Change
Feb-21	2.539	0.117
Mar-21	2.526	0.104
12 Month	2.695	0.084
Cal 22	2.583	0.027
Cal 23	2.459	0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,574	3,726	3,296	3,356
Diff v. Current		-152	278	218
% Diff			8.4%	6.5%

