

Early Morning Update

The Feb21 natural gas contract is trading down \$0.02 at \$2.68. The Feb21 crude oil contract is up \$0.07 at \$50.00.

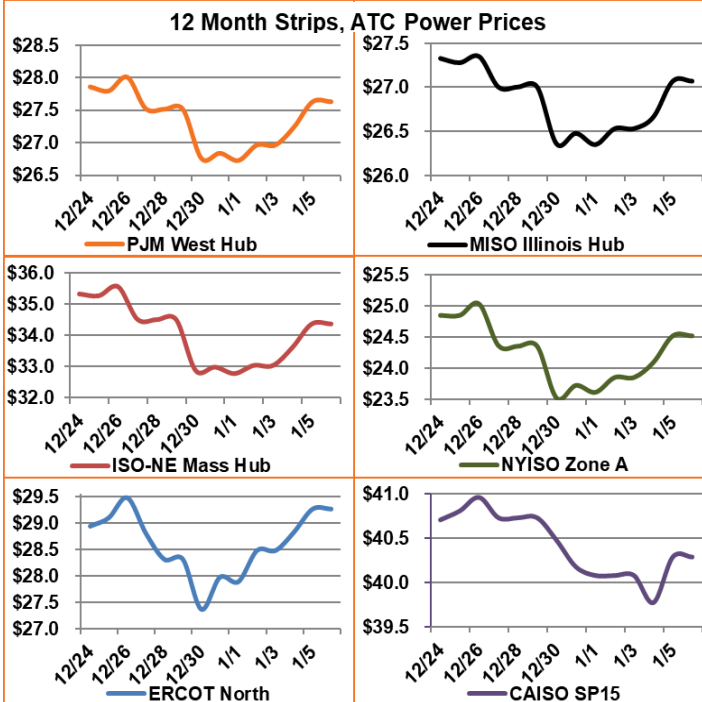
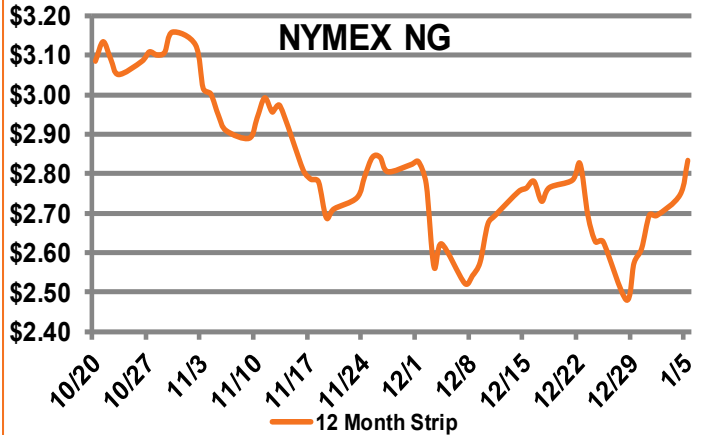
Summary: The NYMEX natural gas prompt month contract continued its rally yesterday, trading up twelve cents to close the trading day at \$2.702/MMBtu. However, early morning trading portends a potential reversal to the multi-day rally, as the NYMEX prompt month contract is currently down a couple pennies. Fundamentals remain relatively static. Production is hovering around 90 Bcf/d, exports continue to be strong, industrial demand is making a comeback, and heating demand is relatively normal for this time of year. One piece of news that came out yesterday was a surprising cut to oil production. During OPEC+ meetings, Saudi Arabia unilaterally chose to cut oil production by an extra one million barrels per day. As other OPEC+ members will increase their output, Saudia Arabia plans to hold their production to 8.125 million bbl/d, well below their allotted quota of 9.119 million bbl/d. As such, Brent crude prices, the global benchmark, rallied nearly 5% yesterday, closing at \$53.60/bbl. This bullish news for crude could lead to higher oil and natural gas production in the Permian shale region of West Texas, a large source of associated natural gas production.

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 1/6/2021)

ISO-NE Mass Hub \$33.50	MISO Indiana Hub \$26.95	NYISO Zone G \$30.32
PJM West Hub \$33.55	ERCOT North \$19.70	CAISO SP15 \$36.68
NYMEX NG	Close	Change
Feb-21	2.702	0.121
Mar-21	2.673	0.112
12 Month	2.833	0.086
Cal 22	2.651	0.039
Cal 23	2.482	0.017

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%

