

Early Morning Update

The Feb21 natural gas contract is trading down \$0.02 at \$2.70. The Feb21 crude oil contract is up \$0.17 at \$50.80.

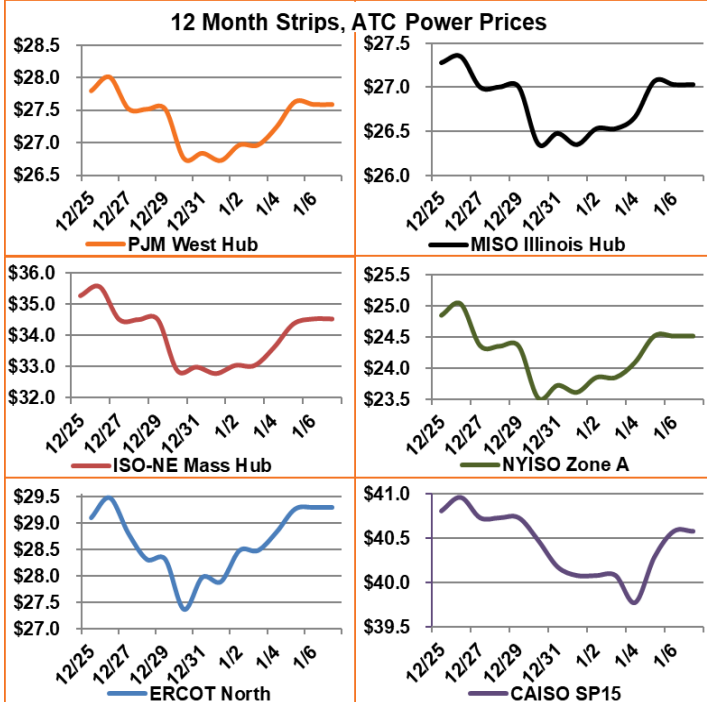
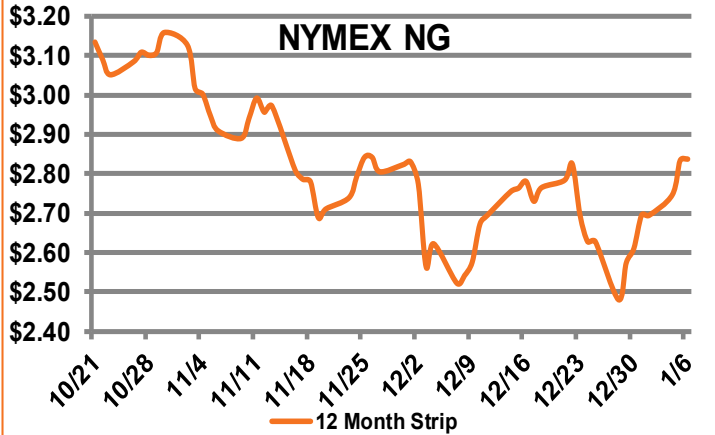
Summary: We saw a change of pace for the NYMEX natural gas market yesterday, as the recent rally subsided, and the prompt month settled just one penny above the previous day at \$2.716/MMBtu. The 12-month strip remained flat, as did Cal '22, but the outer years beyond Cal '23 increased around three cents each. Revisions to the weather forecast remain fairly minimal, with overarching bearish temperatures continuing to hold strong in the 1-10 day forecast across the northern half of the country. Models are showing the potential for colder-than-normal temperatures to come through near the end of the month. If this holds true, it could create a bullish reaction in the market due to increased heating demand, so keep an eye out for that. Later on this morning, we'll be on the lookout for the weekly storage reported released by the U.S. Energy Information Administration. Market participants are expecting a withdrawal of around 135 Bcf to be reported for the week to January 1. If this actualizes, it would be larger than the 5-year average withdrawal of 115 Bcf.

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 1/7/2021)

ISO-NE Mass Hub \$29.54	MISO Indiana Hub \$30.23	NYISO Zone G \$30.30
PJM West Hub \$27.89	ERCOT North \$23.65	CAISO SP15 \$36.83
NYMEX NG	Close	Change
Feb-21	2.716	0.014
Mar-21	2.684	0.011
12 Month	2.837	0.004
Cal 22	2.659	0.007
Cal 23	2.499	0.018

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%

