

**Early Morning Update**

The Feb21 natural gas contract is trading down \$0.06 at \$2.64. The Feb21 crude oil contract is down \$0.44 at \$51.80.

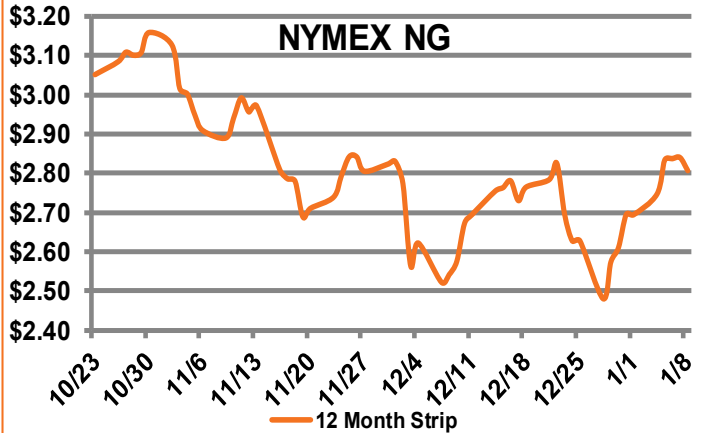
**Summary:** On Friday, the NYMEX natural gas prompt month contract lost \$0.029/MMBtu, settling at \$2.700/MMBtu. The prompt month Brent crude contract, the global benchmark, closed at \$55.99/bbl on Friday, which has gained over \$4/bbl since OPEC+ meetings last week. During said meetings, Saudi Arabia unilaterally decided to cut oil production by an extra 1 million barrels per day. The decision will hold Saudi production to 8.125 million bbl/day, well below their allotted quota of 9.119 million bbl/day. The higher crude prices is a welcomed sign for producers in the Permian region of west Texas, but what affect will it have on NYMEX natural gas production and prices? If producers respond to higher crude prices by increasing drilling activity and crude output, it will push natural gas supplies higher, as well. However, if producers maintain capital discipline and rein in supplies, we could potentially see higher prices for both crude and oil, particularly if COVID vaccine news spurs increased demand. One thing to keep in mind is that Kinder Morgan's Permian Highway Pipeline (PHP) entered service on January 1st. This 430-mile, 2.1 Bcf/day pipeline will transport natural gas from the Permian basin to premium demand markets along the Gulf Coast.

**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

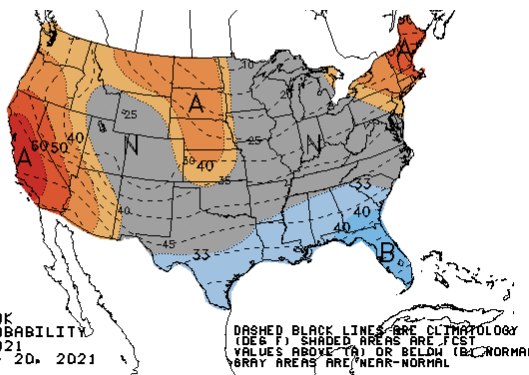
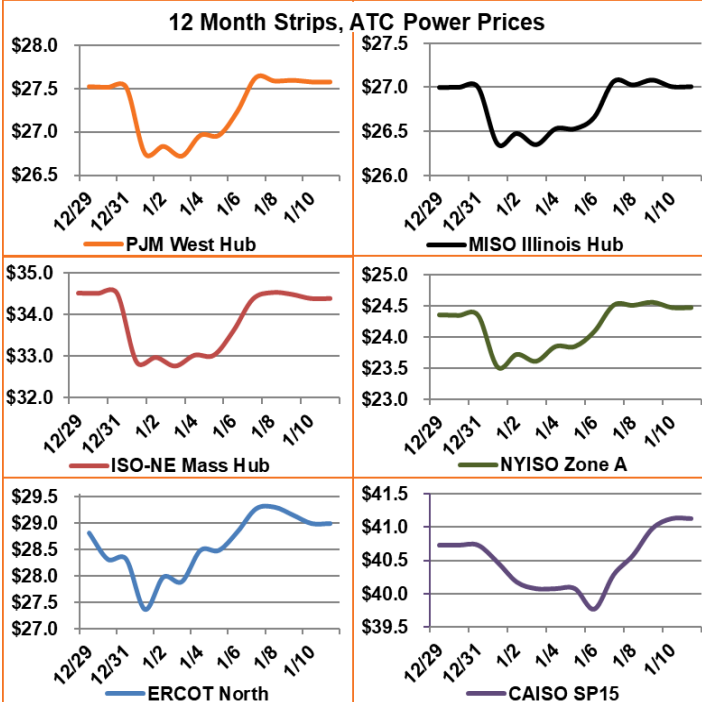


**Next Day On-Peak Power (traded for 1/11/2021)**

ISO-NE Mass Hub \$40.70	MISO Indiana Hub \$28.75	NYISO Zone G \$35.00
PJM West Hub \$31.08	ERCOT North \$38.14	CAISO SP15 \$35.07
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Feb-21	2.700	-0.029
Mar-21	2.656	-0.035
12 Month	2.806	-0.033
Cal 22	2.646	-0.008
Cal 23	2.489	-0.009

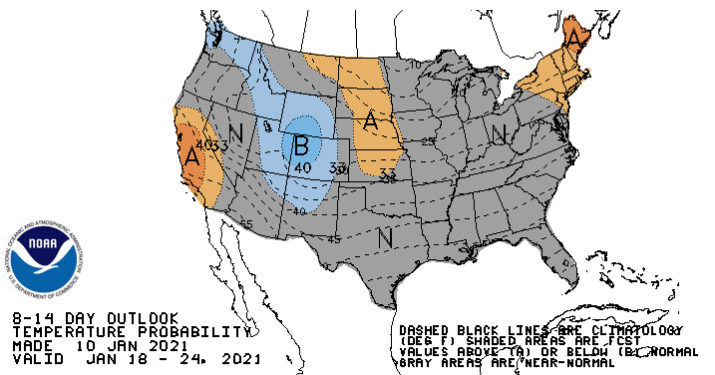
**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
<b>Total</b>	3,330	3,460	3,192	3,129
<b>Diff v. Current</b>		-130	138	201
<b>% Diff</b>			4.3%	6.4%



6-10 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 10 JAN 2021  
VALID JAN 16 - 20, 2021

DASHED BLACK LINES ARE CLIMATOLOGY  
(DEG F) SHADED AREAS ARE FCST  
VALUES ABOVE (A) OR BELOW (B) NORMAL  
GRAY AREAS ARE NEAR-NORMAL



8-14 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 10 JAN 2021  
VALID JAN 18 - 24, 2021

DASHED BLACK LINES ARE CLIMATOLOGY  
(DEG F) SHADED AREAS ARE FCST  
VALUES ABOVE (A) OR BELOW (B) NORMAL  
GRAY AREAS ARE NEAR-NORMAL

