

Early Morning Update

The Feb21 natural gas contract is trading down \$0.005 at \$2.72. The Feb21 crude oil contract is down \$0.51 at \$52.40.

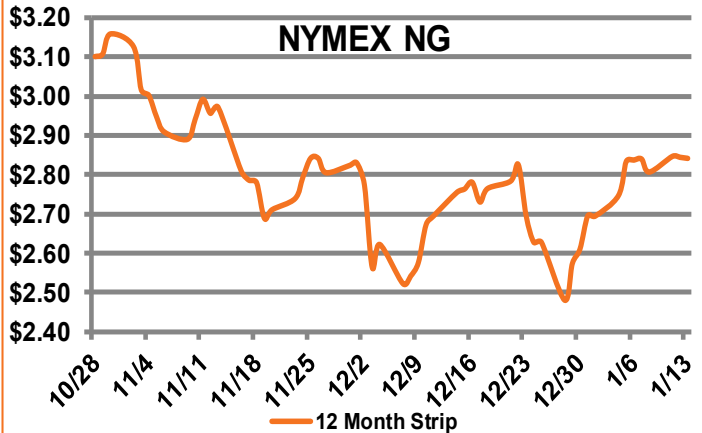
Summary: After two days of gains in reaction to this week's bullish news of OPEC production cuts and polar vortex uncertainties, the February and March natural gas contracts weakened by \$0.026MMBtu and \$0.018/MMBtu, respectively, during yesterday's trading session. This weakness is likely due to today's potentially bearish storage report and the forecasted demand decrease attributed to the above-normal temperatures now forecast through early February. Bentek's weekly storage report forecast for the week ended January 9th is a draw of 125 Bcf, which is in line with most other estimates and well below the 161 Bcf five-year average withdrawal. While the current short-term trend is bearish, the market may turn bullish next week when the effects on demand of this week's cold snap in the Southwest are figured into the subsequent storage report. Contracts beyond this winter through the next few calendar strips strengthened by at least \$0.02/MMBtu. It's likely these gains are caused by the macro-fundamentals of a global demand increase for LNG and COVID's lingering financial stress on the production sector.

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 1/14/2021)

ISO-NE Mass Hub \$45.21	MISO Indiana Hub \$26.93	NYISO Zone G \$34.15
PJM West Hub \$26.26	ERCOT North \$22.90	CAISO SP15 \$33.42
NYMEX NG	Close	Change
Feb-21	2.727	-0.026
Mar-21	2.689	-0.018
12 Month	2.841	-0.003
Cal 22	2.695	0.026
Cal 23	2.535	0.023

EIA Natural Gas Storage

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

