

Early Morning Update

The Feb21 natural gas contract is trading up \$0.10 at \$2.76. The Feb21 crude oil contract is down \$0.71 at \$52.86.

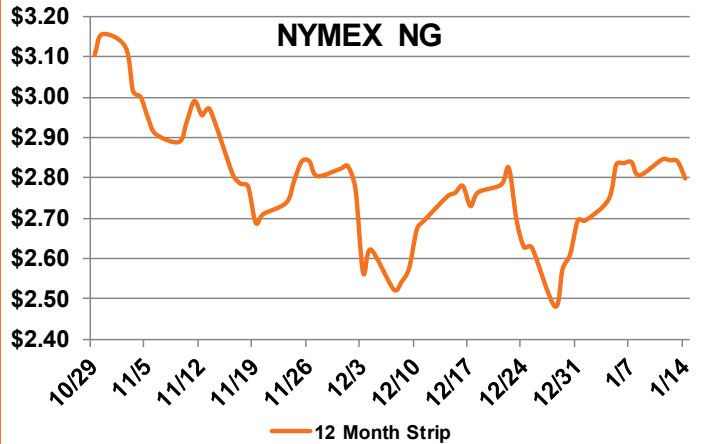
Summary: Yesterday, the EIA reported that there had been a 134Bcf withdrawal from natural gas inventories, exceeding the forecast by 11Bcf. This caused a \$0.05/MMBtu spike in the prompt month pricing for the NYMEX NG, but it had quickly settled back down, resulting in a decrease from the open position and settling \$0.061/MMMBtu below open. So if the market is having colder weather, higher than expected withdrawals, and an overall bullish trend for the last few weeks, why would the prompt price be so contested? The answer lies in uncertainty, especially within the weather. If you have checked the weather channel or other weather forecasting services, you may see talk about the impending polar vortex. While this would be a very bullish factor if confirmed, the truth is that many meteorologists have not been able to ascertain if it is going to actualize or not. This bit of cold could easily never materialize and forecasts have shown that it's not hitting many of the eastern markets as heavily even if it does appear. If the weather forecasts come to a consensus that the polar vortex is happening and that it will impact all traditionally cold markets, prices will likely move upwards with this information. This will impact your natural gas bill or electric bill if that is how you heat your business.

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 1/15/2021)

ISO-NE Mass Hub \$36.34	MISO Indiana Hub \$26.93	NYISO Zone G \$30.79
PJM West Hub \$27.16	ERCOT North \$24.05	CAISO SP15 \$30.72
NYMEX NG	Close	Change
Feb-21	2.666	-0.061
Mar-21	2.630	-0.059
12 Month	2.799	-0.042
Cal 22	2.689	-0.006
Cal 23	2.522	-0.013

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,196	3,330	3,070	2,978
Diff v. Current		-134	126	218
% Diff			4.1%	7.3%

