

**Early Morning Update**

The Feb21 natural gas contract is trading down \$0.15 at \$2.58. The Feb21 crude oil contract is up \$0.04 at \$52.40.

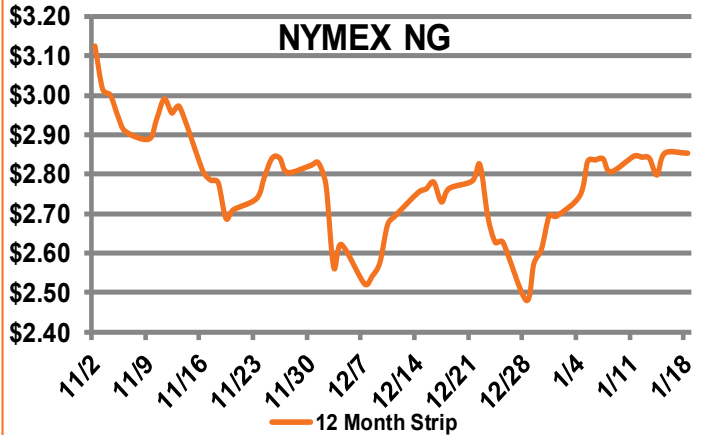
**Summary:** U.S. natural gas demand has been trending upwards as a result of the Eastern and Midcon markets holding cold temperatures. In just a week, the market has seen an 8.3 Bcf/d growth in demand, and the Midcon market has contributed 1.1 Bcf/d to that figure with recent colder temperatures to blame. Despite the last month having been warmer than normal, power burn demand has offset some of this decrease, holding relatively flat. If temperatures begin to drop with the potential polar vortex, prices for both natural gas and electricity could climb rapidly due to higher demand. In other news, President-Elect Biden will be taking office tomorrow. According to his campaign promises, he has promised to take executive action on Day 1 to begin with methane pollution limits and banning new oil and gas leasing on public lands and waters, while simultaneously rejoining the Paris Climate Agreement. There is much more to his plan, but this is what is pertinent to the energy markets in the very near future. It appears that the approach outlined is taking on more government mandates rather than subsidies to encourage behavior, and prices in the oil, gas, and power markets are likely to increase as a result.

**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 1/19/2021)**

ISO-NE Mass Hub \$40.21	MISO Indiana Hub \$24.99	NYISO Zone G \$38.75
PJM West Hub \$26.91	ERCOT North \$22.87	CAISO SP15 \$31.24
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Feb-21	2.737	0.071
Mar-21	2.696	0.066
12 Month	2.854	0.055
Cal 22	2.693	0.003
Cal 23	2.531	0.009

**EIA Natural Gas Storage**

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

