

Early Morning Update

The Feb21 natural gas contract is trading up \$0.05 at \$2.65. The Mar21 crude oil contract is up \$0.33 at \$53.10.

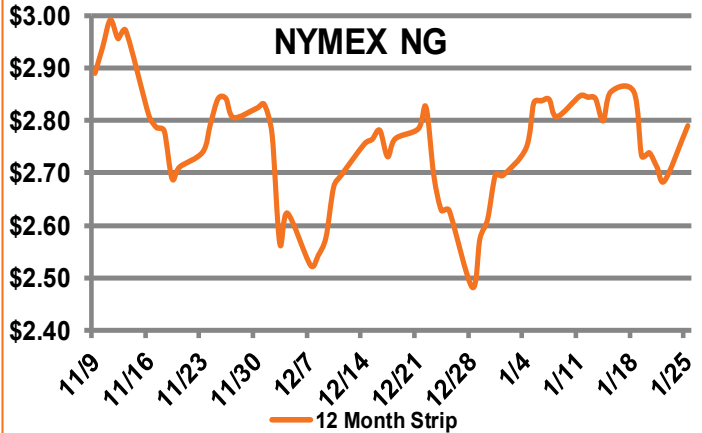
Summary: Yesterday saw a significant increase in the natural gas markets, which extended from the prompt month all the way through the balance of calendar year 2021. The prompt month, itself, grew the most at nearly \$0.16/MMBtu, and the minimum growth was \$0.07/MMBtu for this December. The natural gas markets appear to be moving upwards as a result of further restrictions on domestic natural gas production. Dry production slipped almost 1.0 Bcf/d from yesterday to 90.6 Bcf/d today. On the retail market, natural gas customers may also have to look out for potential impacts of further regulation in the next four years that would implement carbon taxes at the federal level. Looking at the energy markets, all regions have maintained a contango market, with each calendar year being at higher prices than the previous. The only exception is the PJM market, where prices for 2023 are more favorable than 2022. Earlier analysis showed potential for consolidation and formation of a new price floor for both energy and natural gas prices. Consider managed products to be able to lock in portions of your load, while still having options for the future.

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 1/26/2021)

ISO-NE Mass Hub \$49.90	MISO Indiana Hub \$25.15	NYISO Zone G \$40.06
PJM West Hub \$25.99	ERCOT North \$23.00	CAISO SP15 \$35.98
NYMEX NG	Close	Change
Feb-21	2.602	0.156
Mar-21	2.598	0.142
12 Month	2.789	0.105
Cal 22	2.664	0.027
Cal 23	2.546	-0.001

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,009	3,196	2,973	2,811
Diff v. Current		-187	36	198
% Diff			1.2%	7.0%

