

**Early Morning Update**

The Apr21 natural gas contract is trading down \$0.02 at \$2.75. The Apr21 crude oil contract is up \$0.50 at \$62.00.

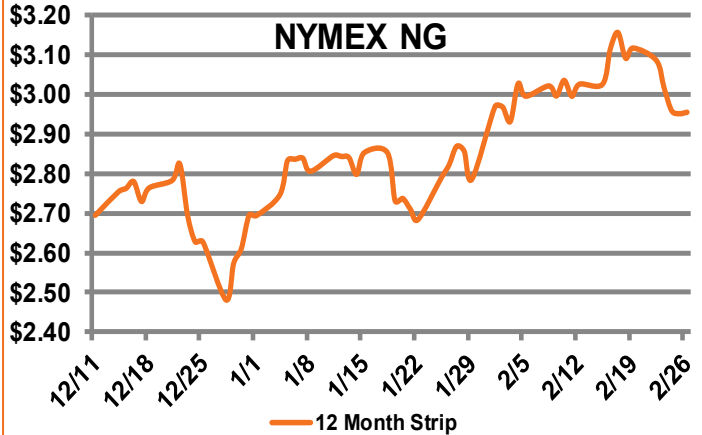
**Summary:** Starting a new month with good news on the COVID-19 front - the FDA approved a single-shot vaccine from Johnson and Johnson. The vaccination effort across the nation is gaining steam, with 54 million Americans receiving at least one shot, and projections show there will be enough vaccine by June to supply all Americans 16 and over. While the energy market continues to deal with the uncertainty COVID brings, the markets are beginning to recover from the extreme cold seen in mid-February. Forecasts show a full retreat of the polar vortex back to the Arctic, and more spring-like temperatures make a return to start the month. Supply has rebounded quite nicely with production over 92 Bcf/d, which counter-balanced the 2nd largest storage withdrawal on record of 338 Bcf reported last Thursday and ultimately pushed storage levels to below the five-year average. Storage concerns continue to play out in NYMEX pricing, where the 12-month strip trades near \$3/MMBtu, but, once beyond summer 2022, prices fall back to \$2.50/MMBtu. The strong price backwardation may indicate the market believes long-term supply and demand can be achieved through incentivized short-term production increases.

**Bullish Factors**

- Near-record LNG exports
- High exports to Mexico
- Storage deficits

**Bearish Factors**

- Coronavirus impacts on demand
- Strong production
- Mild weather



**Next Day On-Peak Power (traded for 3/1/2021)**

|                            |                             |                         |
|----------------------------|-----------------------------|-------------------------|
| ISO-NE Mass Hub<br>\$33.00 | MISO Indiana Hub<br>\$26.13 | NYISO Zone G<br>\$30.27 |
| PJM West Hub<br>\$25.96    | ERCOT North<br>\$25.30      | CAISO SP15<br>\$28.38   |
| <b>NYMEX NG</b>            | <b>Close</b>                | <b>Change</b>           |
| Apr-21                     | 2.771                       | -0.006                  |
| May-21                     | 2.809                       | 0.000                   |
| 12 Month                   | 2.956                       | 0.004                   |
| Cal 22                     | 2.653                       | -0.012                  |
| Cal 23                     | 2.513                       | -0.003                  |

**EIA Natural Gas Storage**

| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
|----------------------------|-----------|-----------|-----------|-------------|
| <b>Total</b>               | 1,943     | 2,281     | 2,241     | 2,104       |
| <b>Diff v. Current</b>     |           | -338      | -298      | -161        |
| <b>% Diff</b>              |           |           | -13.3%    | -7.7%       |

