

Early Morning Update

The Apr21 natural gas contract is trading down \$0.02 at \$2.72. The Apr21 crude oil contract is up \$1.77 at \$65.60.

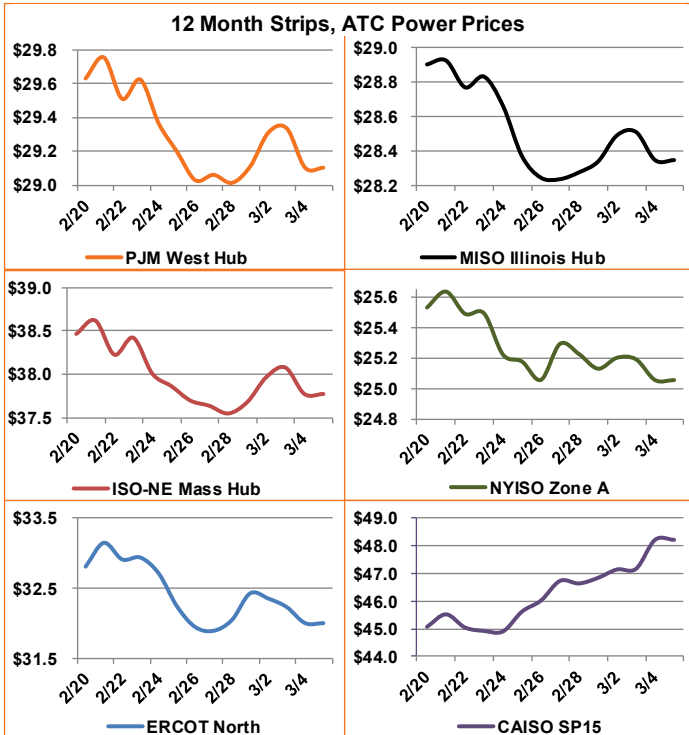
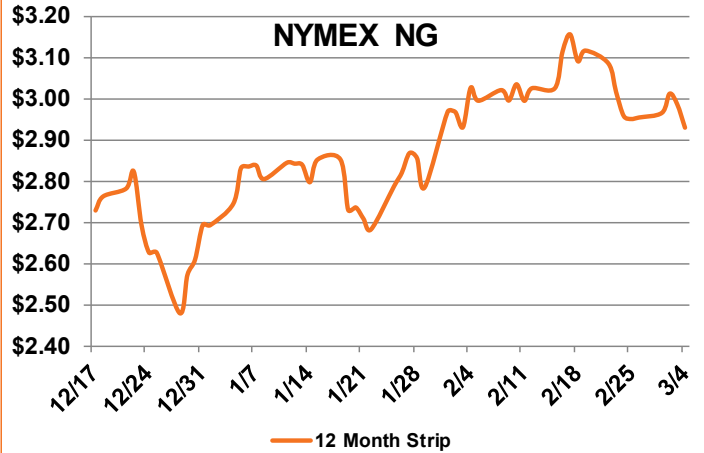
Summary: The EIA announced a 98Bcf withdrawal, leaving market analysts incredulous as market forecasts ranged anywhere from 134Bcf all the way up to 158Bcf. This massive error arose primarily from the South Central inventories where there was no net change compared to the predicted 28Bcf reduction. This disconnection between the EIA and the market is one of the largest (if not the largest) difference between forecasts and reality. Typically, the market would see a much larger reaction when the forecast is far off, but it seems the direction was beneficial for the overall health of the market. It appears that the market had mostly factored in a larger withdrawal as it was forecasted earlier on, but as the forecasted number fell weekly, the actualized number became much more palatable. The fact that the withdrawal was smaller was good for the buyers' market as it helped lower prices even further after the upward movement seen two weeks ago. The immediate market reaction was a \$0.10/MMBtu drop in the natural gas index, but eventually contracted back to only falling \$0.07/MMBtu and settling at \$2.746/MMBtu yesterday evening.

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 3/5/2021)

ISO-NE Mass Hub \$68.17	MISO Indiana Hub \$27.57	NYISO Zone G \$50.86
PJM West Hub \$29.23	ERCOT North \$18.93	CAISO SP15 \$26.62

NYMEX NG	Close	Change
Apr-21	2.746	-0.070
May-21	2.781	-0.068
12 Month	2.931	-0.056
Cal 22	2.691	-0.004
Cal 23	2.533	0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,845	1,943	2,122	2,023
Diff v. Current		-98	-277	-178
% Diff			-13.1%	-8.8%

