

Early Morning Update

The Apr21 natural gas contract is trading down \$0.03 at \$2.63. The Apr21 crude oil contract is down \$0.15 at \$64.90.

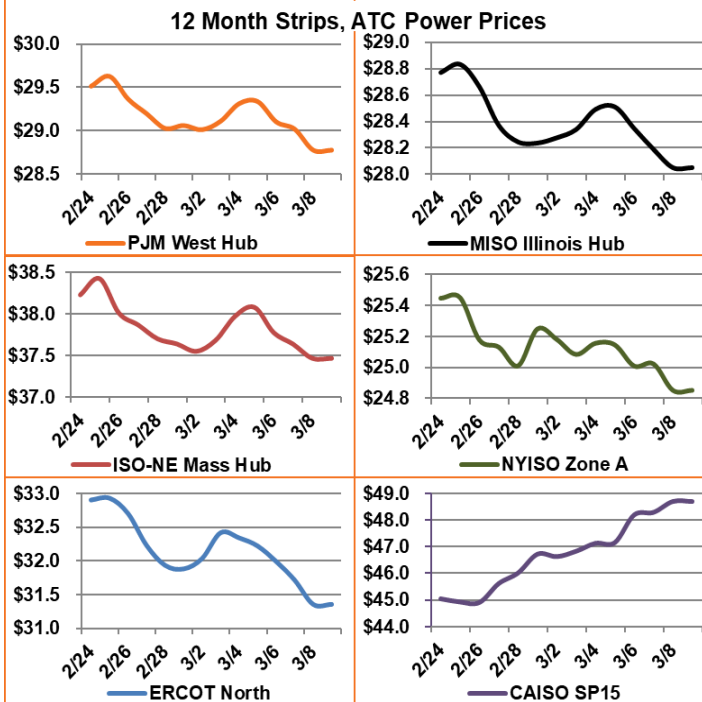
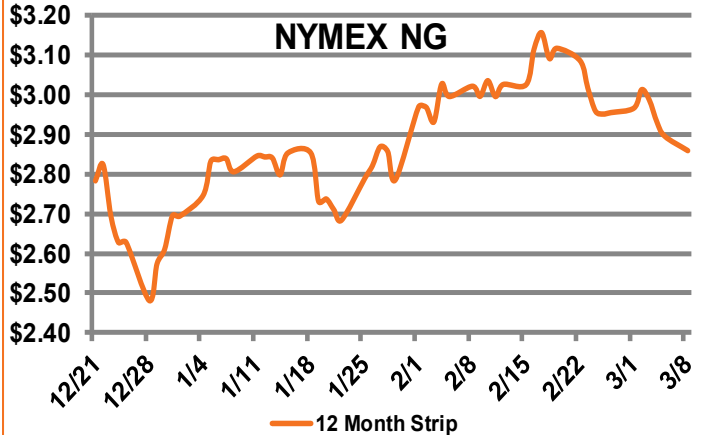
Summary: As spring temperatures start hitting the continent, demand for natural gas has started to taper. Most of the changes are coming from the Midcon and Northeast regions, where their temperatures are now above freezing. Over the weekend, we saw over an 8.0 Bcf/d reduction, and temperatures only look to be continuing to get warmer as we head into the shoulder season, leading to lower ResComm demand in the regions that typically would need natural gas for heating. This bearish effect is contradicting the crude oil markets, where the prompt month is now trading right around \$65/Bbl. As a reminder, this price reaction is coming back not even a year after the unthinkable happened and American crude oil traded briefly at negative prices. While this may be bad for everyone trying to book cheap airline tickets or fill their gas tank, producers are becoming more content and are continuing to recover by adding more rigs to capitalize on the higher prices. By producing more oil, natural gas production naturally increases, as well, with associated gas a byproduct of oil production.

Bullish Factors

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

Bearish Factors

- Coronavirus impacts on demand
- Strong production
- Milder weather



Next Day On-Peak Power (traded for 3/9/2021)

ISO-NE Mass Hub \$32.92	MISO Indiana Hub \$21.57	NYISO Zone G \$32.27
PJM West Hub \$22.11	ERCOT North \$13.00	CAISO SP15 \$33.09
NYMEX NG	Close	Change
Apr-21	2.664	-0.037
May-21	2.698	-0.041
12 Month	2.860	-0.037
Cal 22	2.660	-0.011
Cal 23	2.532	0.002

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%

