

Early Morning Update

The Apr21 natural gas contract is trading down \$0.02 at \$2.67. The Apr21 crude oil contract is up \$1.06 at \$65.50.

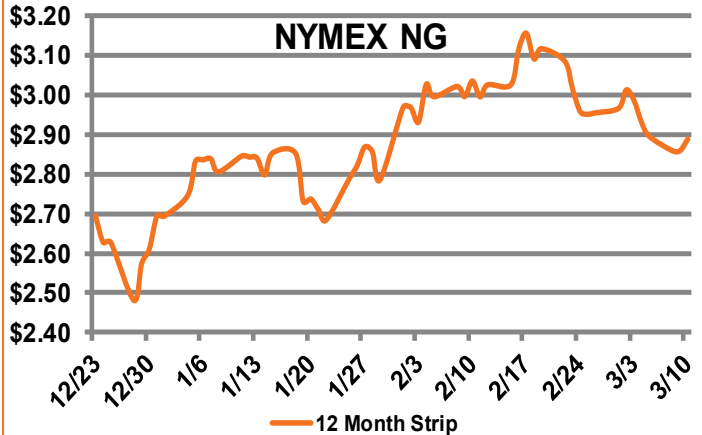
Summary: Despite largely bearish short-term fundamentals, natural gas contracts through March of 2024 strengthened during Wednesday's trading session. Bucking a five-day slide, the April prompt month contract advanced \$0.03 and settled up to \$2.692/MMBtu against a backdrop of warm April forecasts, fully recovered production, and weaker demand levels from both LNG and power burns. Although the prompt month momentum rippled at least through the March 2024 contract, most of the upward movement occurred within the twelve-month strip, as each contract saw gains within the range of \$0.021 to \$0.035/MMBtu. After a surprisingly low withdrawal report last week, estimates for today's storage withdrawal are within the very wide range of 39 to 104 Bcf, and this wide range is likely what's fueling uncertainty and the market's ascent. For reference, the five-year average withdrawal for the week ending March 5th is 89 Bcf, slightly higher than last year's 72 Bcf. With smaller-than-normal withdrawals anticipated to continue in the coming weeks, the storage level at the end of this withdrawal season is now projected to be in the neighborhood of 1,700 Bcf.

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 3/11/2021)

ISO-NE Mass Hub \$28.19	MISO Indiana Hub \$23.25	NYISO Zone G \$24.44
PJM West Hub \$21.81	ERCOT North \$26.32	CAISO SP15 \$38.84
NYMEX NG	Close	Change
Apr-21	2.692	0.030
May-21	2.728	0.032
12 Month	2.890	0.029
Cal 22	2.854	0.194
Cal 23	2.830	0.294

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%

