

Early Morning Update

The Apr21 natural gas contract is trading up \$0.02 at \$2.53. The Apr21 crude oil contract is up \$1.44 at \$59.20.

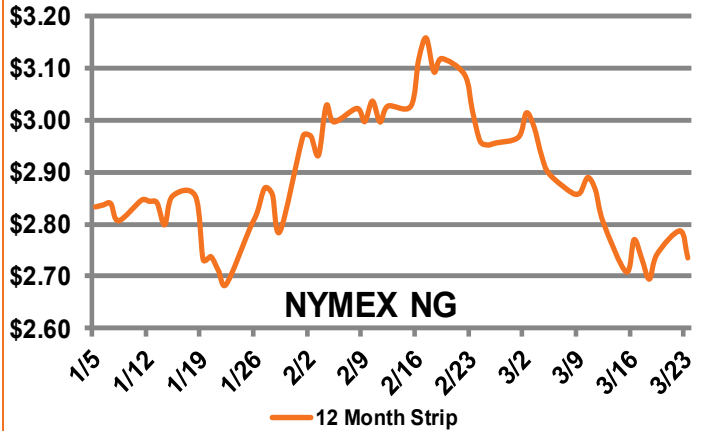
Summary: Tuesday saw the NYMEX natural gas market move down through the near term, while the further out strips all climbed by a consistent penny and a half. The April 2021 prompt month contract, which expires in five days, fell 7.4 cents to close at \$2.508/MMBtu. The twelve-month strip followed closely behind, losing 5.2 cents, while the 2022 and 2023 calendar strips remained essentially flat, with both moving less than a penny. All calendar strips from 2024 through 2033 added 1.4 cents. Looking at the fundamentals side, natural gas production has eased off of its recent peak set on Monday at 93.2, moving down 1.6 Bcf/d yesterday, coming in at 91.6 Bcf/d. Over the past 30 days since the recovery from the wellhead freeze-offs in mid-February, domestic production has averaged 92.3 Bcf/d, which compares to 91.4 Bcf/d for the 30 days preceding the drop in Texas output. Total domestic demand has trended down over the past week, falling 14.8 Bcf/d from Friday through yesterday. The leading sector driving this reduction is the residential and commercial sector, as temperatures have climbed, while demand has declined.

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 3/24/2021)

ISO-NE Mass Hub \$27.76	MISO Indiana Hub \$24.51	NYISO Zone G \$25.20
PJM West Hub \$27.51	ERCOT North \$28.99	CAISO SP15 \$25.39
NYMEX NG	Close	Change
Apr-21	2.508	-0.074
May-21	2.554	-0.065
12 Month	2.735	-0.052
Cal 22	2.602	-0.010
Cal 23	2.520	0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	1,782	1,793	2,035	1,875
Diff v. Current		-11	-253	-93
% Diff			-12.4%	-5.0%

