

**Early Morning Update**

The Jan '21 natural gas contract is trading down \$0.05 at \$3.74. The Jan '21 crude oil contract is down \$0.99 at \$70.30.

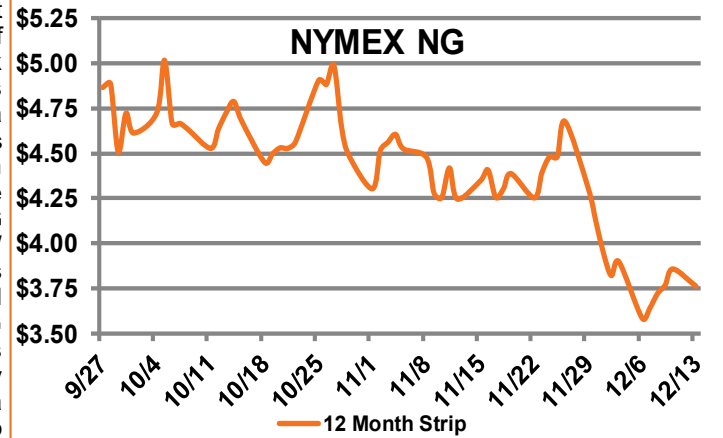
**Summary:** As we near winter, the NYMEX natural gas market continues to seek direction amidst evolving fundamentals. Yesterday, the prompt month contract for January traded as high as \$4.085/MMBtu, which would have been a gain of 16 cents from Friday's settle at \$3.925/MMBtu. Instead, said contract closed at \$3.794/MMBtu, chalking up a loss of 13.1 cents. This type of volatility seems to be the new normal as market participants seek to digest the information affecting domestic natural gas prices. As the U.S. continues to ramp up LNG export capacity, a globalization of the gas market is coming to a head. Yesterday's volatile trading activity could have been prompted by a surge in LNG prices in the European and Asian markets, where the National Balancing Point (NBP), the virtual marker for LNG delivered to the UK gained nearly 10% to settle around \$39/MMBtu. However, a combination of moderate weather forecasts for the East Coast and Midcontinent and higher domestic natural gas production may have anchored a sympathy surge to LNG prices. Gas production so far this month is up 4.1 Bcf/day versus this time last year, a welcomed sign from a producer community who has been focused on maintaining capital discipline after a collapse in prices a year prior. Longer term NYMEX prices also settled lower on the day, with calendar years 2023 and 2024 down three cents each, calendar year 2025 down 8.7 cents, and calendar years 2026 through 2030 down 9.6 cents.

**Bullish Factors**

- Record high LNG exports
- Extremely high global gas markets
- High exports to Mexico

**Bearish Factors**

- Warmer-than-normal temps
- Year-to-date power burn below 2020
- Flat industrial demand

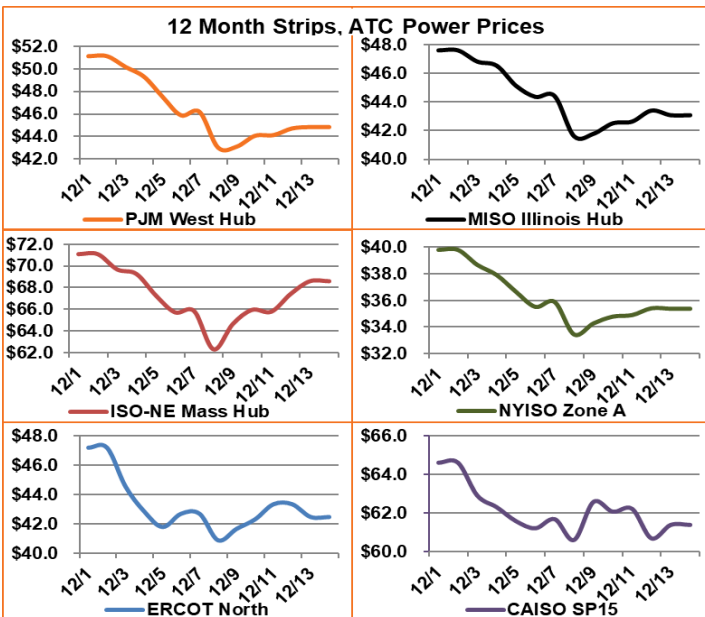


**Next Day On-Peak Power (traded for 12/14/2021)**

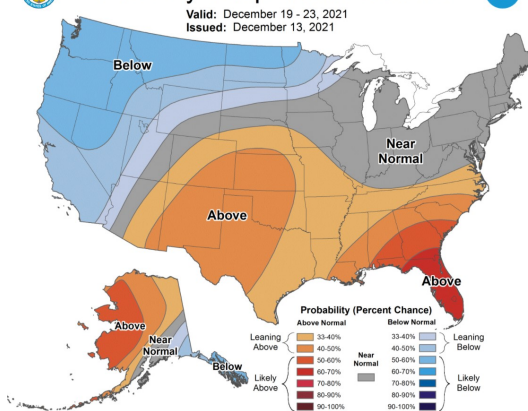
ISO-NE Mass Hub \$47.71	MISO Indiana Hub \$43.88	NYISO Zone G \$38.88
PJM West Hub \$38.74	ERCOT North \$30.25	CAISO SP15 \$81.95
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Jan-22	3.794	-0.131
Feb-22	3.761	-0.128
12-Month	3.762	-0.096
Cal 22	3.762	-0.096
Cal 23	3.408	-0.031

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
<b>Total</b>	3,505	3,564	3,861	3,595
<b>Diff v. Current</b>		-59	-356	-90
<b>% Diff</b>			-9.2%	-2.5%



**6-10 Day Temperature Outlook**



**8-14 Day Temperature Outlook**

