

Early Morning Update

The Nov '21 natural gas contract is trading down \$0.18 at \$5.69. The Nov '21 crude oil contract is down \$0.63 at \$74.40.

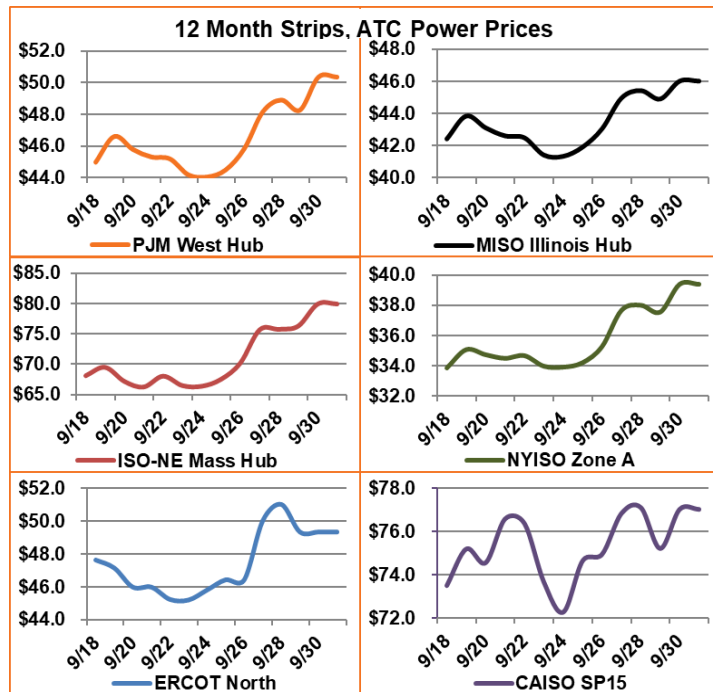
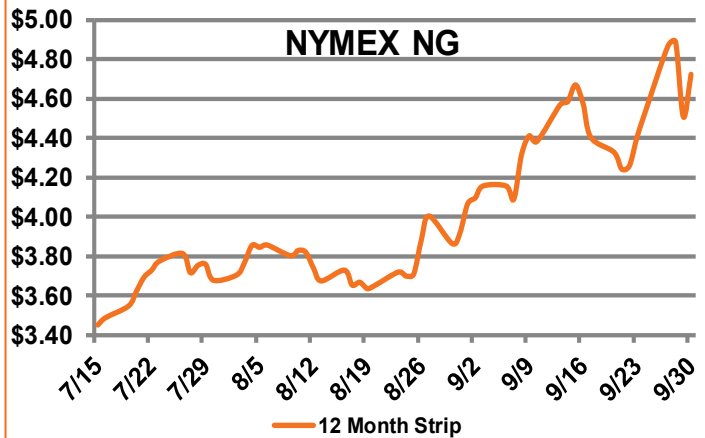
Summary: This week was yet another very volatile week in the energy markets. NYMEX natural gas saw an average absolute change of \$0.3735/MMBtu from Monday through Thursday this week, while Wednesday was the only negative day. Due to all of these price changes, the average change was \$0.17/MMBtu up each day. Further international concern is causing worldwide natural gas markets to continue to rise to around \$30/MMBtu. This worry has extended to other global superpowers like China, who just announced that they are effectively putting emergency protocols into place to allow for purchasing primary fuels at any price as long as it prevents blackouts. Hopefully, the United States doesn't see market conditions as abysmal as that, but production is not quite at the level to assuage the market fears. The long-term concern would be that gas storage cannot be replaced quick enough as drilled-but-uncompleted wells dwindle and the time period to drill new wells would outlast a high-priced winter. Speaking of storage, this week the U.S. Energy Information Administration reported an 88 Bcf injection, coming in 4 Bcf below the predictions in the market. This does outpace the 5-year average, but not by enough to create a bearish reaction in the market.

Bullish Factors

- Struggling natural gas production
- Extremely high global gas markets
- High exports to Mexico

Bearish Factors

- Cooler shoulder season temps
- Year-to-date power burn below 2020
- Flat industrial demand



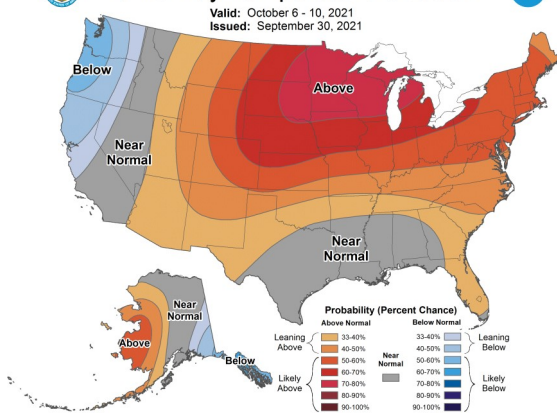
Next Day On-Peak Power (traded for 10/1/2021)

| ISO-NE Mass Hub \$53.59 | MISO Indiana Hub \$65.45 | NYISO Zone G \$47.23 |
|----------------------------|-----------------------------|-------------------------|
| PJM West Hub \$56.30 | ERCOT North \$55.52 | CAISO SP15 \$57.71 |
| NYMEX NG | Close | Change |
| Nov-21 | 5.867 | 0.390 |
| Dec-21 | 5.991 | 0.396 |
| 12-Month | 4.723 | 0.215 |
| Cal 22 | 4.412 | 0.166 |
| Cal 23 | 3.469 | 0.079 |

EIA Natural Gas Storage

| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
|----------------------------|-----------|-----------|-----------|-------------|
| Total | 3,170 | 3,082 | 3,745 | 3,383 |
| Diff v. Current | | 88 | -575 | -213 |
| % Diff | | | -15.4% | -6.3% |

6-10 Day Temperature Outlook



8-14 Day Temperature Outlook

