

**Early Morning Update**

The Nov '21 natural gas contract is trading up \$0.18 at \$5.80. The Nov '21 crude oil contract is up \$0.07 at \$75.95.

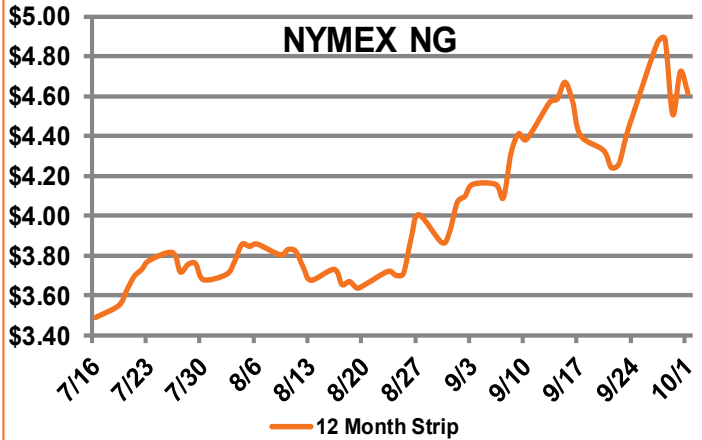
**Summary:** After another rollercoaster week of up-down trading, the NYMEX market continues to look for direction as October begins. Traders are analyzing how below-normal end-of-summer (EOS) storage levels will influence future market pricing, and this has been one of the influences to short term price volatility. Over the past decade, EOS storage levels average ~3.8 Tcf, with a min of 3.2 Tcf (2018-19) and max of 4.0 Tcf (2016-17). This year is paced to be on the lower end of that range at ~3.4 Tcf. Over that same period, the average winter withdraw has been 2.1 Tcf, with a min of 1.5 Tcf (2011-12) and a max of 3.0 Tcf (2015-16). With lower production year-over-year continuing to plague the fundamentals, the market is looking for potential storage outcomes with different winter weather outcomes and, notably, the location of weather (western vs. eastern U.S.-focused cold), and these outcomes will likely have the greatest influence on storage post winter. In the bearish case scenario, withdraws begin at 3.4 Tcf, a warmer-than-normal winter ensues, and production grows with higher prices, leading to an overall withdraw lower than the historical averages by ~1.5 Tcf, putting storage post winter around 1.9 Tcf. This would result in gas storage levels above the 5YA. In the bullish case scenario, winter starts with 3.4 Tcf, colder-than-normal temperatures hit the eastern U.S., production remains stagnant, and withdraws are above normal for a total withdrawal of 2.7 Tcf. This leads to a potential decade low 0.7 Tcf exiting winter, beating the previous 0.8 Tcf in 2013-14. With the resulting ranges being this diverse, the market is taking the potential outcomes and pricing the volatility accordingly. Winter weather forecasts are scheduled to be released over the coming weeks, which will hopefully provide clarity into what scenario may come to fruition.

**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



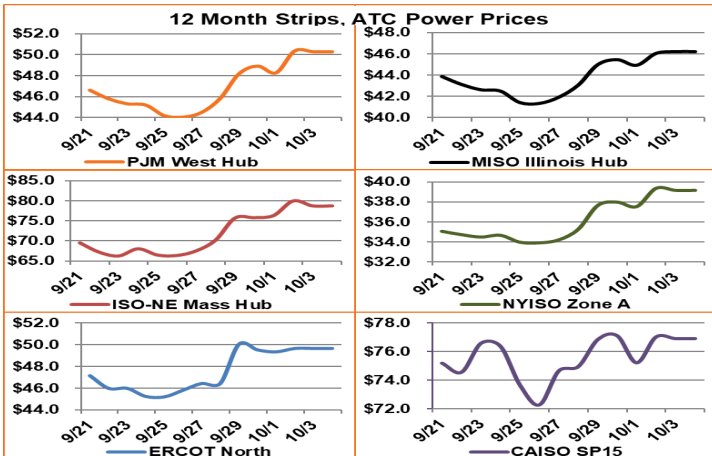
**Next Day On-Peak Power (traded for 10/4/2021)**

ISO-NE Mass Hub \$55.40	MISO Indiana Hub \$64.58	NYISO Zone G \$58.25
PJM West Hub \$83.10	ERCOT North \$76.45	CAISO SP15 \$71.11

NYMEX NG	Close	Change
Nov-21	5.619	-0.248
Dec-21	5.763	-0.228
12-Month	4.613	-0.110
Cal 22	4.338	-0.075
Cal 23	3.463	-0.006

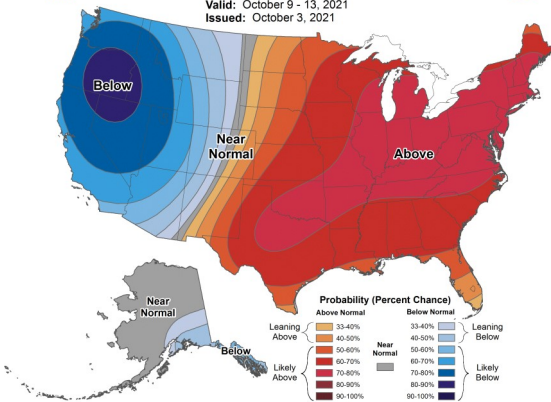
**EIA Natural Gas Storage**

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**

Valid: October 9 - 13, 2021  
Issued: October 3, 2021



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