

Early Morning Update

The Nov '21 natural gas contract is trading down \$0.03 at \$5.47. The Nov '21 crude oil contract is down \$0.74 at \$79.90.

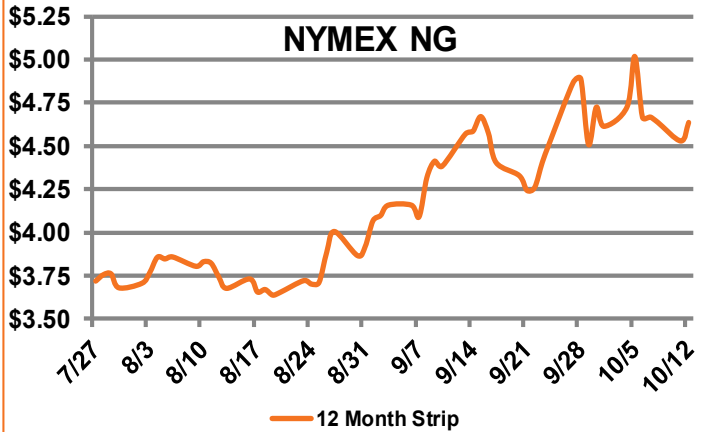
Summary: The NYMEX natural gas futures price for November jumped 16 cents on the day on Tuesday to settle at \$5.505/MMBtu, while winter is, once again, below the \$6/MMBtu technical level. Winter weather forecasts have begun to be released, with a few early releases showing a La Nina pattern, which would mean colder temperatures for the Northeast, a major demand center for natural gas in the U.S. Direct Energy's preliminary winter weather outlook is expected within the next week, although it is still fairly early to have a lot of confidence in these forecasts. The Cove Point LNG export facility in Maryland has returned to service after being offline due to maintenance for the last three weeks. Global pricing for LNG remains bullish, as storage is still a concern and demand remains high. After seeing a slightly recovery to U.S. dry production since Hurricane Ida, it has dipped once again, averaging just under 90 Bcf/d over the past couple of days. For the time being, though, supply is outpacing demand, with milder temperatures during the shoulder season. Tomorrow, the EIA is expected to report another healthy injection into storage of around 87 Bcf. This would be higher than the five-year average benchmark of 79 Bcf, chipping away at the large deficit in storage to 176 Bcf. Hopefully, this trend will continue with mild temperatures on the horizon for the rest of October.

Bullish Factors

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

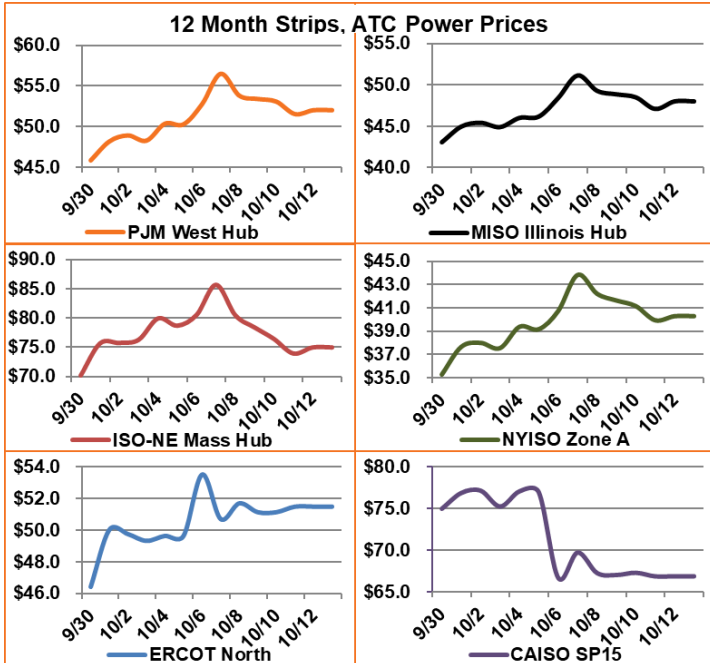
Bearish Factors

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



Next Day On-Peak Power (traded for 10/13/2021)

ISO-NE Mass Hub \$64.20	MISO Indiana Hub \$65.77	NYISO Zone G \$59.15
PJM West Hub \$69.57	ERCOT North \$66.83	CAISO SP15 \$49.91
NYMEX NG		Change
Nov-21	5.505	0.160
Dec-21	5.663	0.161
12-Month	4.635	0.107
Cal 22	4.396	0.092
Cal 23	3.533	0.029



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,288	3,170	3,820	3,464
Diff v. Current		118	-532	-176
% Diff			-13.9%	-5.1%

