

Early Morning Update

The Nov '21 natural gas contract is trading up \$0.21 at \$5.80. The Nov '21 crude oil contract is up \$0.91 at \$81.35.

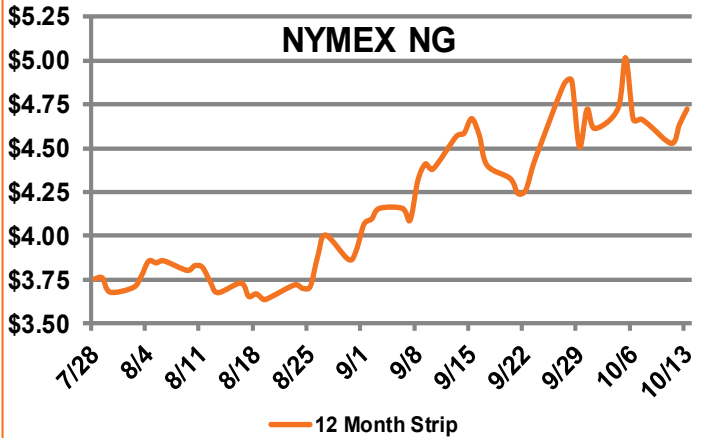
Summary: The natural gas prompt month saw another day of gains, settling 8.5 cents higher on the day at \$5.590. The 12-mo strip also ticked up eight cents, with the biggest mover in that strip being Q1 '22. It's clear the uncertainty around how this upcoming winter will pan out, given our stagnant production and trailing storage levels, is weighing on the market. The good news for now is that current weather forecasts are showing a low demand pattern as we finish out October and enter into November. We continue to see above-normal temperatures forecast in the northern half of the country, which should mean a slow start for heating demand season if these forecasts hold true. Some additional good news for California is that gas basis, specifically for SoCal citygate, has dropped very sharply since the start of the month, which has offered a nice buying opportunity for anyone looking to lock in gas before the start of winter. Since SoCal Gas released the unexpected news that capacity was increasing on Line 4000 and 235, the market seemingly took a huge sigh of relief since this could mean less gas constraints this winter. Pricing for the Nov-Mar '22 strip has plummeted from its recent high over \$6 to now around \$2.80/MMBtu. It's unknown how long this price dip will hold, but it's certainly a welcomed bearish pocket of the market.

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 10/14/2021)

ISO-NE Mass Hub \$72.16	MISO Indiana Hub \$71.50	NYISO Zone G \$59.08
PJM West Hub \$77.48	ERCOT North \$73.39	CAISO SP15 \$53.92
NYMEX NG	Close	Change
Nov-21	5.590	0.085
Dec-21	5.753	0.090
12-Month	4.724	0.089
Cal 22	4.485	0.089
Cal 23	3.582	0.049

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%

