

Early Morning Update

The Nov '21 natural gas contract is trading up \$0.14 at \$5.25. The Dec '21 crude oil contract is up \$0.67 at \$83.17.

Summary: I guess you could call this a quiet day, with the prompt month 'only' trading in a \$0.22 range, from a low of \$5.006 to a high of \$5.227. The market traded down through the morning, rose in the afternoon, then crashed suddenly at the end of the day to close down \$.055 to \$5.115.

The EIA reported a build into storage of 92 Bcf, a touch larger than expectations. The market didn't react immediately to the report but rose throughout the balance of the day (until the very end). Overall, the market is likely to remain volatile as there is real concern over the potential for high demand this winter and the low storage levels that would come as a result. Some estimates showing that a very cold winter could leave total storage levels much less than 1 Tcf at the end of March, a potential record low volume.

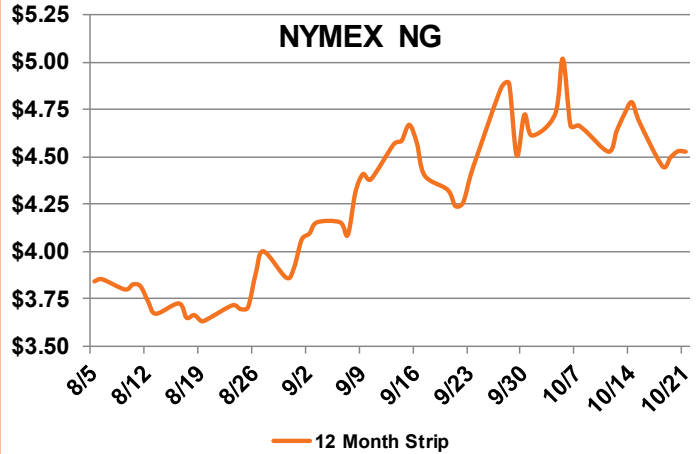
Near-term weather patterns so far look good and it looks like we're avoiding a very early start to winter. But weather patterns change and at some point the cold will arrive - how will the market react?

Bullish Factors

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

Bearish Factors

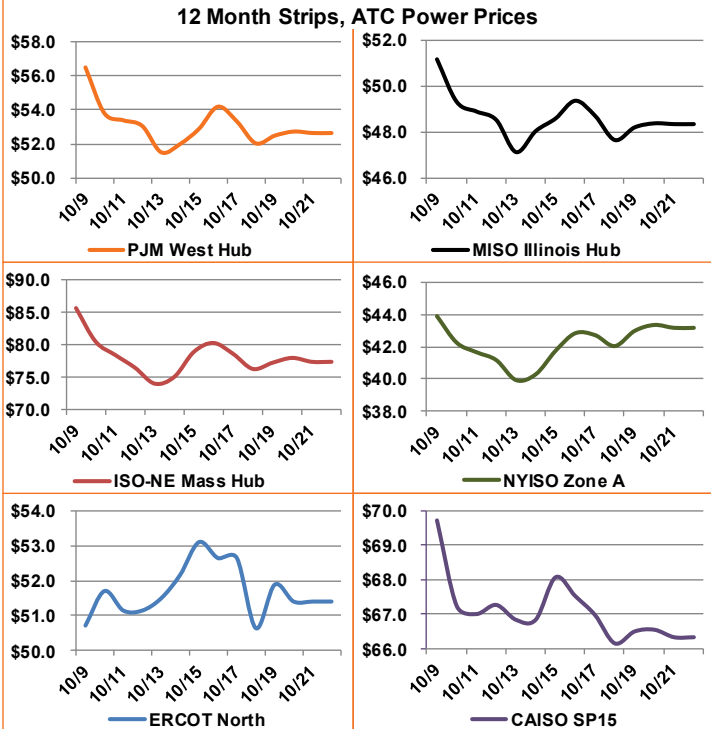
- Mild shoulder season temps
- Year-to-date power burn below 2020
- Flat industrial demand



Next Day On-Peak Power (traded for 10/22/2021)

ISO-NE Mass Hub \$59.00	MISO Indiana Hub \$60.00	NYISO Zone G \$53.12
PJM West Hub \$57.69	ERCOT North \$53.04	CAISO SP15 \$50.77

NYMEX NG	Close	Change
Nov-21	5.115	-0.055
Dec-21	5.346	-0.101
12-Month	4.528	-0.002
Cal 22	4.355	0.020
Cal 23	3.596	0.032



EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,461	3,369	3,919	3,612
Diff v. Current		92	-458	-151
% Diff			-11.7%	-4.2%

