

Early Morning Update

The Nov '21 natural gas contract is trading up \$0.20 at \$6.08. The Dec '21 crude oil contract is down \$1.25 at \$83.40.

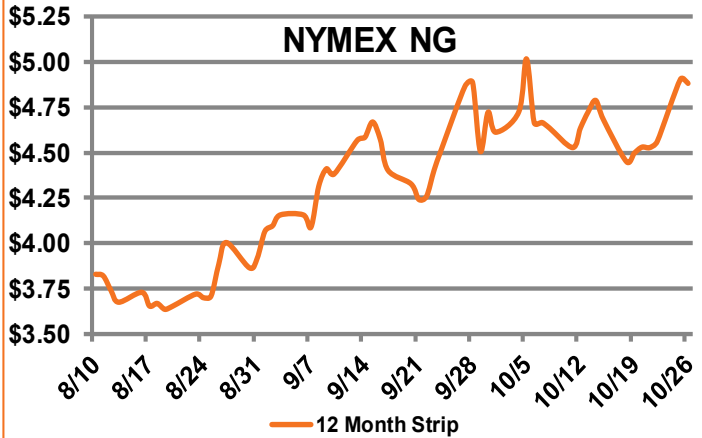
Summary: With today being November's expiration, volatility is almost a given, and the market appears to be seeing that to the upside for now. Yesterday, the NYMEX natural gas futures price for November fell a meager 1.6 cents on the day to settle at \$5.882/MMBtu. Winter pricing once again remains over the \$6/MMBtu technical level, as weather forecasts show some cooling for the start of next month. Direct Energy's final winter weather outlook should be released middle of next month, and will be telling if the La Nina pattern will show risk for cold in the Northeast early on in December. Some positive news is that production looks to be recovering to pre-Hurricane Ida levels and has been averaging just under 92.0 Bcf/d over the past week. This bump in production, coupled with mild October temperatures, is expected to mean another healthy injection into storage as we get closer to withdrawal period. The estimate for the EIA's storage report tomorrow is around 93 Bcf, which would be much higher than the 62 Bcf 5-year average benchmark. Global pricing for LNG seems to have leveled off, but still remains quite bullish with all the uncertainty going into this winter. With the additional train at Sabine Pass expected to come online sometime next month, it is expected that U.S. LNG export demand, which is averaging just under 11.0 Bcf/d, will continue to grow as these projects for additional export capacity remain financially beneficial and are providing opportunities for long-term contracts with other countries.

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 10/27/2021)

ISO-NE Mass Hub \$68.25	MISO Indiana Hub \$63.40	NYISO Zone G \$63.81
PJM West Hub \$61.95	ERCOT North \$42.23	CAISO SP15 \$64.25
NYMEX NG	Close	Change
Nov-21	5.882	-0.016
Dec-21	6.003	-0.053
12-Month	4.882	-0.022
Cal 22	4.612	-0.016
Cal 23	3.633	-0.020

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%

