

**Early Morning Update**

The Oct '21 natural gas contract is trading up \$0.20 at \$5.46. The Oct '21 crude oil contract is up \$1.44 at \$71.90.

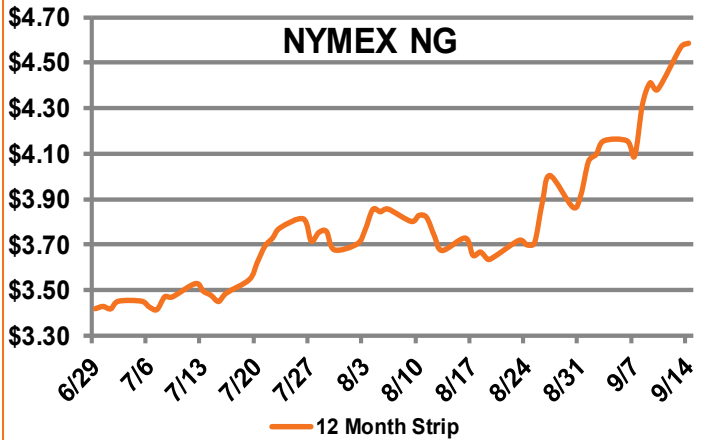
**Summary:** While shoulder seasons historically have shown some relief for pricing, this year seems to be the exception. Pricing continues to rally, as Hurricane Nicholas wreaks havoc on eastern Texas into Louisiana, causing, yet again, another dip to production levels. The Freeport LNG export facility has three trains offline due to Nicholas due to power issues. U.S. dry production had been increasing slightly after Hurricane Ida, but saw a slight dip due to the recent hurricane, averaging just under 89.0 Bcf/d. The U.S. Energy Information Administration is expected to report around a 70 Bcf injection tomorrow. While this is definitely higher than we have been seeing over the past few weeks, it would still be less than the five-year average benchmark of 79 Bcf and continue to widen the storage deficit. The NYMEX natural gas futures price for October was up another 2.9 cents yesterday to settle at \$5.260/MMBtu and continues to climb higher this morning. It appears the volatility is here to stay with no end in sight if supply does not pick up to meet current demand to help alleviate the tightness in the market as we head into winter. We are also not out of the woods yet as far as hurricane season goes, which typically lasts until the end of October.

**Bullish Factors**

- Post-pandemic demand growth
- Less-than-average storage injections
- High exports to Mexico

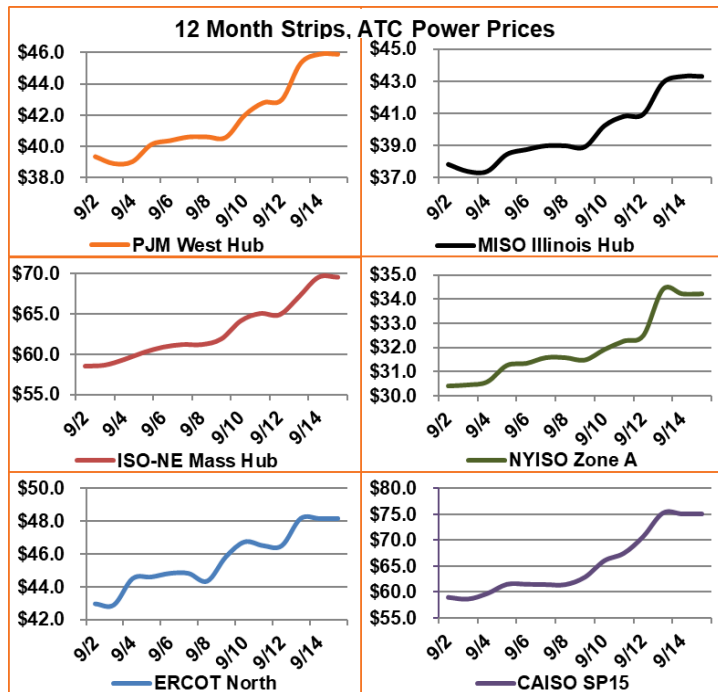
**Bearish Factors**

- Stable production
- Year-to-date power burn below 2020
- Average temps outside of the West



**Next Day On-Peak Power (traded for 9/15/2021)**

ISO-NE Mass Hub \$72.61	MISO Indiana Hub \$57.50	NYISO Zone G \$65.00
PJM West Hub \$68.08	ERCOT North \$58.95	CAISO SP15 \$62.95
NYMEX NG		Change
Oct-21	5.260	0.029
Nov-21	5.305	0.233
12-Month	4.584	0.174
Cal 22	4.249	0.141
Cal 23	3.355	0.076



**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,923	2,871	3,515	3,158
Diff v. Current		52	-592	-235
% Diff			-16.8%	-7.4%

