

**Early Morning Update**

The Oct '21 natural gas contract is trading down \$0.08 at \$5.38. The Oct '21 crude oil contract is down \$0.41 at \$72.20.

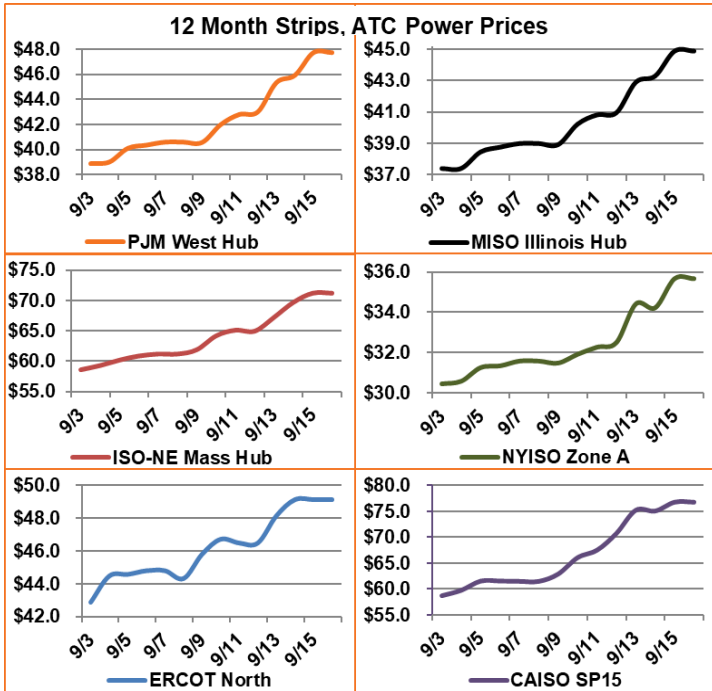
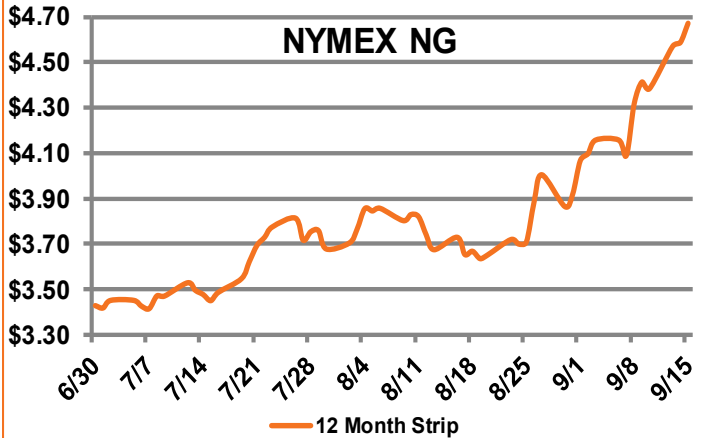
**Summary:** Over the course of the past five months, the NYMEX natural gas prompt month has more than doubled, reaching levels the market hasn't seen since 2014. Yesterday brought more bullishness to the front of the curve, with the prompt month gaining another 20 cents and settling at \$5.46/MMBtu. In fact, the Nov-Mar '22 winter strip also gained 20 cents and now has an average price above \$5.51. It's becoming increasingly more difficult to pinpoint potential bearishness in the market that could bring some relief to these climbing gas prices. Production has been struggling to stay above 89 Bcf/d since Hurricane Ida and Nicholas came through. While overall demand has softened with the weather and effects from the tropical storm activity, looming LNG demand from a very expensive global market perspective is tipping the scales to the bullish side. The weekly natural gas storage report is expected to show a 69 Bcf injection when it's released later this morning. While this would be 17 Bcf higher than last week's injection, it would still trail the 5-year average by 17 Bcf, unfortunately not improving the growing deficit. Perhaps winter weather forecasts will bring some bearishness to the market when those start to be issued next month.

**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 9/16/2021)**

ISO-NE Mass Hub \$65.33	MISO Indiana Hub \$59.17	NYISO Zone G \$65.55	
PJM West Hub \$63.45	ERCOT North \$56.25	CAISO SP15 \$63.49	
NYMEX NG		Close	Change
Oct-21		5.460	0.200
Nov-21		5.507	0.202
12-Month		4.669	0.085
Cal 22		4.275	0.026
Cal 23		3.326	-0.029

**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%

