

Early Morning Update

The Nov '21 natural gas contract is trading down \$0.18 at \$5.70. The Nov '21 crude oil contract is down \$0.49 at \$74.80.

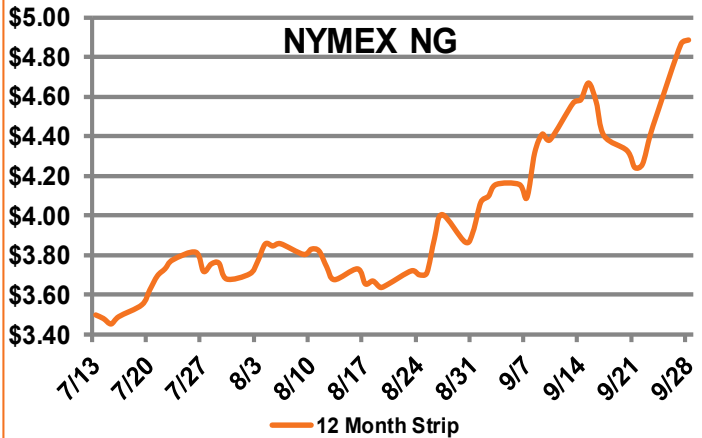
Summary: For the majority of this year, market fundamentals and pricing have been the mirror opposite of 2020. Earlier in the day yesterday, the NYMEX natural gas futures price for October broke through the \$6/MMBtu technical level and traded up to as high as \$6.28/MMBtu. The prompt month ultimately rolled off the board up 13.5 cents on the day to settle at \$5.841/MMBtu. If we compare that to last year's settle price at \$2.579, it more than doubled. There are still many concerns for the upcoming winter, as production in the Gulf has been slow to recover following Hurricane Ida, and demand remains high. U.S. dry production has seen a slight recovery since the storm earlier this month, averaging 89.0 Bcf/d over the past week, but still much lower than the 91.0 Bcf/d day levels we saw this summer. While supply is still down, LNG exports have recovered after the storm, back up to around 10.5 Bcf/d. These exports are expected to increase at the beginning of withdrawal season due to an additional export train at Sabine Pass coming on line, and the fact that global economics and demand are high right now for U.S. LNG. The EIA is expected to report an injection of around 87 Bcf, which would be the fourth largest build of the season. This would be much higher than the five-year average benchmark of 72 Bcf, which will narrow the deficit in storage to 214 Bcf. Hopefully throughout the rest of the shoulder season we see more of these larger injections to help close the gap as we head into winter.

Bullish Factors

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

Bearish Factors

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

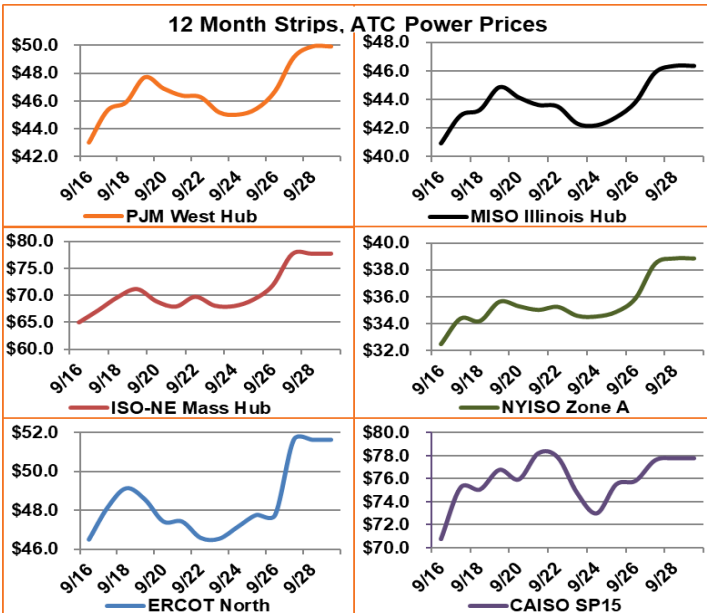


Next Day On-Peak Power (traded for 9/29/2021)

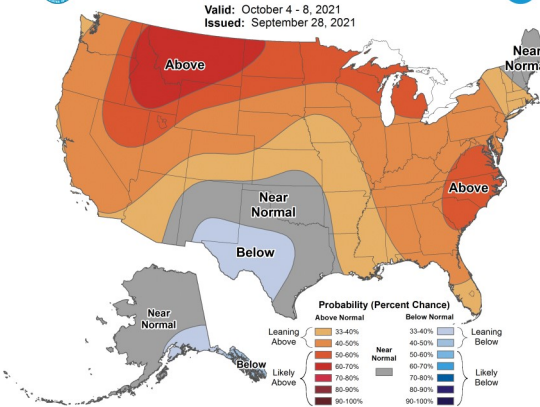
ISO-NE Mass Hub \$52.86	MISO Indiana Hub \$66.58	NYISO Zone G \$46.54
PJM West Hub \$59.64	ERCOT North \$53.32	CAISO SP15 \$58.47
NYMEX NG	Close	Change
Oct-21	5.841	0.135
Nov-21	5.880	0.149
12-Month	4.886	0.021
Cal 22	4.416	-0.039
Cal 23	3.416	-0.056

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,082	3,006	3,671	3,311
Diff v. Current		76	-589	-229
% Diff			-16.0%	-6.9%



6-10 Day Temperature Outlook



8-14 Day Temperature Outlook

