

**Early Morning Update**

The Feb '22 natural gas contract is trading up \$0.09 at \$3.90. The Feb '22 crude oil contract is up \$0.76 at \$80.22.

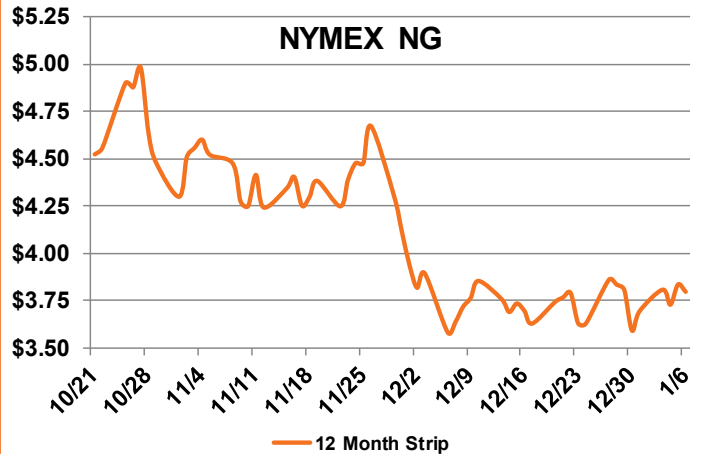
**Summary:** The prompt month and 12 month strip both fell yesterday after a bearish storage report by the EIA. A draw of 31 Bcf was reported yesterday, lower than expectations and well off last year, -127, and the 5-year average, -108. Temps were mild and holiday vacations led to very low demand across much of the country. Storage is now nearly 100 Bcf higher than the 5-year average and only 154 Bcf behind last year. Estimates for end/winter storage are roughly 1.6 Tcf - below last year and the 5-year average, but significantly better than estimates going into winter. But temps have turned colder in the east and demand is higher, as evidenced by the day-ahead prices. Cold temps are forecast for the east for much of the next two weeks and estimates for the storage reports reflect the higher anticipated demand. The next three reports are forecast at -181, -206 and -184. Index prices for gas and power are likely to be higher as well, along with colder temps and higher demand.

**Bullish Factors**

- Record high LNG exports
- Extremely high global gas markets
- High exports to Mexico

**Bearish Factors**

- Mostly warmer-than-normal temps
- Production nearing all-time high
- Flat industrial demand



**Next Day On-Peak Power (traded for 1/7/2022)**

ISO-NE Mass Hub \$166.63	MISO Indiana Hub \$81.00	NYISO Zone G \$126.76
PJM West Hub \$98.32	ERCOT North \$32.42	CAISO SP15 \$47.50

NYMEX NG	Close	Change
Feb-22	3.812	-0.070
Mar-22	3.670	-0.040
12-Month	3.800	-0.038
Cal 23	3.439	-0.013
Cal 24	3.176	0.003

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,195	3,226	3,349	3,099
Diff v. Current		-31	-154	96
% Diff			-4.6%	3.1%

