

Early Morning Update

The Feb '22 natural gas contract is trading up \$0.02 at \$4.10. The Feb '22 crude oil contract is up \$1.07 at \$79.30.

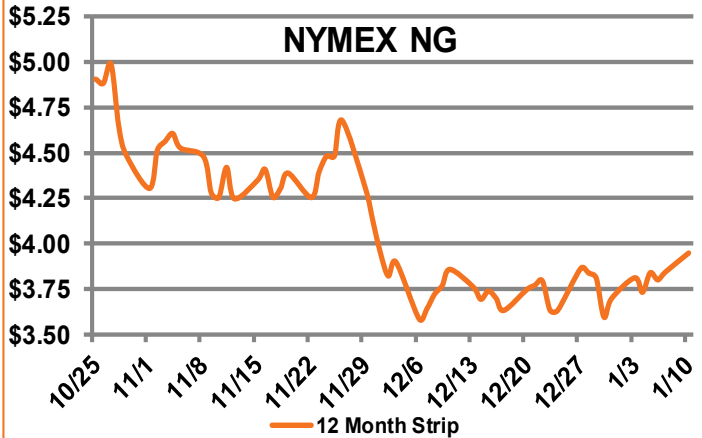
Summary: Many residents are waking up to some bitter cold temperatures across the Midwest, Mid-Atlantic, and into the Northeast this morning, compounded even colder by frigid wind chills. As such, residential/commercial heating demand has been elevated over 50 Bcf/day yesterday and today. Day-ahead power prices are also higher in these regions, with many exceeding \$100/MWh on the day and even reaching \$200/MWh in New York's Capital Region, Zone F. While temperatures are expected to moderate for the balance of the work week, there are risks to colder-than-average temps again next week. If these forecasts hold true, we could be looking at a much different picture for January versus December, which came in as the second warmest December nationally, going back to 1950. As far as NYMEX natural gas pricing, the cold weather is bringing some bullish trends into the mix, yet again. Yesterday, the prompt-month contract for February gained 16.3 cents on the day, settling at \$4.079/MMBtu. The calendar year strips also gained steam, with Calendar year 2023 rising 3.8 cents, 2024 gaining one cent, while calendar years 2025 – 2030 all gained half a penny on the day.

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 1/11/2022)

ISO-NE Mass Hub \$178.85	MISO Indiana Hub \$78.79	NYISO Zone G \$186.08
PJM West Hub \$79.02	ERCOT North \$37.50	CAISO SP15 \$55.05

NYMEX NG	Close	Change
Feb-22	4.079	0.163
Mar-22	3.834	0.108
12-Month	3.948	0.104
Cal 23	3.511	0.038
Cal 24	3.214	0.010

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%

