

Early Morning Update

The Feb '22 natural gas contract is trading up \$0.28 at \$4.53. The Feb '22 crude oil contract is up \$0.78 at \$82.00.

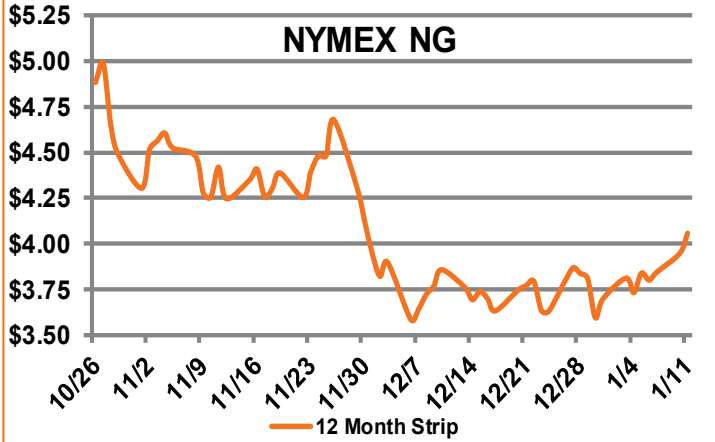
Summary: While below-average temperatures are persisting throughout the Midcontinent and eastern United States, total overall natural gas demand is trending lower than the recent highs during the frigid blast that moved through the regions starting at the end of last week. Total demand is down 19 Bcf/d from last Thursday, with the bulk of the loss coming from the residential and commercial sector, which dropped 14 Bcf/d over the same time frame. Power burn is in a distant second place as it shows just under a 4.0 Bcf/d reduction from last Thursday. On the export side of things, LNG exports have increased through the week from 11.5 to 13.0 Bcf/d and are averaging 12.1 Bcf/d for the month, which is flat from December's average. On the production side of the equation, total dry production has remained relatively flat over the past week, hovering in the 92-93 Bcf/d range. January's month-to-date average is just below 93 Bcf/d, which is holding about 2.0 Bcf/d below December's average for the month of 95 Bcf/d. Natural gas pricing continued its recent trend and climbed through yesterday's trading session, with the bulk of the movement through the near term. The prompt month contract gained 17 cents to close at \$4.249/MMBtu, the 12-month strip gained 11 cents, and the 2023 calendar strip gained just \$0.024.

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 1/12/2022)

ISO-NE Mass Hub \$154.74	MISO Indiana Hub \$58.00	NYISO Zone G \$140.61
PJM West Hub \$52.01	ERCOT North \$39.55	CAISO SP15 \$51.00

NYMEX NG	Close	Change
Feb-22	4.249	0.170
Mar-22	3.968	0.134
12-Month	4.057	0.109
Cal 23	3.535	0.024
Cal 24	3.211	-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%

