

Early Morning Update

The Feb '22 natural gas contract is trading down \$0.26 at \$4.60. The Feb '22 crude oil contract is down \$0.34 at \$82.30.

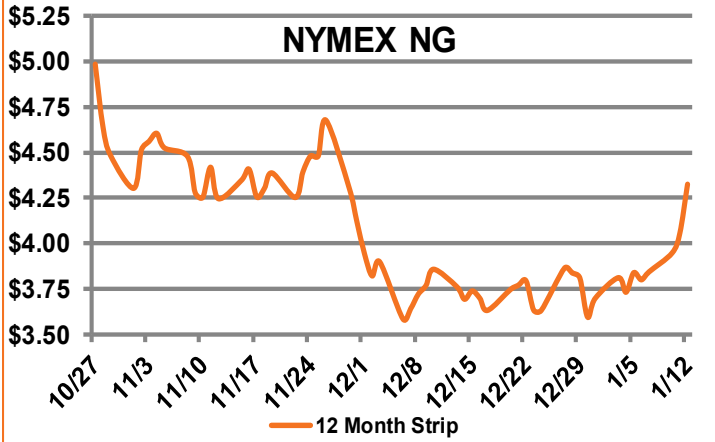
Summary: Colder forecast revisions prompted big advances in the short-term natural gas market during yesterday's trading session, marking the fourth day in the current rally. Most major weather models showed increased confidence for widespread cold during the 6-15 day term, especially across the Midwest and the East. The below-normal weather is expected to stretch into Texas, as well, provoking short-term day ahead prices for the end of January in ERCOT to trade preemptively higher with Uri still within earshot. The February contract approached the \$5.00/MMBtu level and climbed \$0.608 to settle at \$4.857/MMBtu. This is the largest intra-day move the contract has seen since the end of last November during its downslide from the \$6.500/MMBtu high. Fears of the upcoming cold snap rippled through the curve until next winter. The 12-month strip climbed \$0.269/MMBtu, while the Jan '23 - Mar '23 strip also strengthened by \$0.162/MMBtu to \$4.348/MMBtu, currently the second-most expensive strip on the board, only behind the balance of this winter. Today's Energy Information Administration (EIA) storage report may not have much influence over downside market movement, as the -181 Bcf expected withdrawal is about 30 Bcf larger than the five-year average for the week ended January 7th.

Bullish Factors

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

Bearish Factors

- Production nearing all-time high
- Flat industrial demand
- NG storage surplus



Next Day On-Peak Power (traded for 1/13/2022)

ISO-NE Mass Hub \$156.33	MISO Indiana Hub \$48.24	NYISO Zone G \$110.59
PJM West Hub \$51.79	ERCOT North \$38.57	CAISO SP15 \$57.11
NYMEX NG		Change
Feb-22	4.857	0.608
Mar-22	4.327	0.359
12-Month	4.325	0.269
Cal 23	3.589	0.055
Cal 24	3.192	-0.019

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%

