

**Early Morning Update**

The Mar '22 natural gas contract is trading up \$0.17 at \$4.81. The Mar '22 crude oil contract is up \$0.68 at \$87.50.

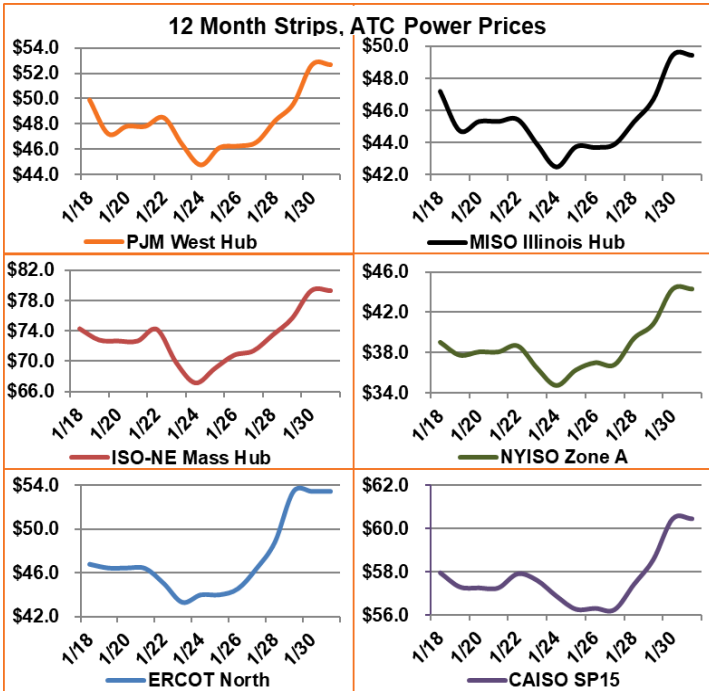
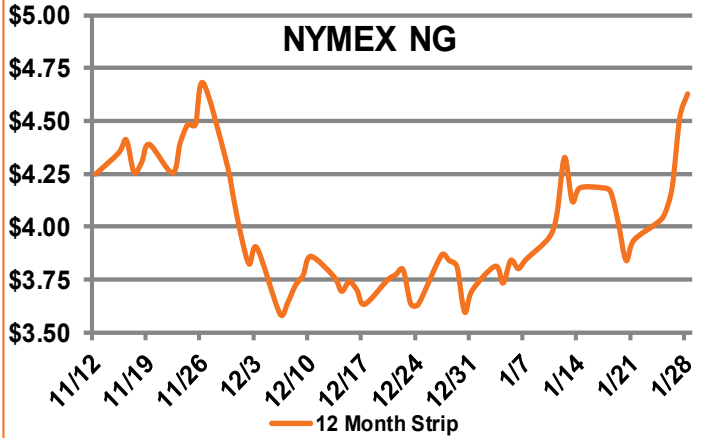
**Summary:** The explosive upward momentum of the near-term natural gas market did not abate on Friday, as the prompt month settled up nearly \$0.36 to \$4.639/MMBtu. The 12-month strip gained 25 cents overall, to \$4.63/MMBtu, while outer years rose by only single digits, by \$0.09, \$0.03, and \$0.01, respectively, for years 2023 through 2025. Colder temperatures are squeezing their way further into February, as we see below-normal temperatures sweeping across the south central U.S., likely affecting ERCOT spot prices as we see the cold moving through to the end of the week. There are a few days of warm-ups interspersed throughout the forecast, as well, increasing variability. Nationwide production is slowly but surely moving upward to attempt to match the increased overall demand from both heating and export demand, but estimated storage pulls continue to increase compared to historical values. With larger-than-average withdrawals on tap for the next three weeks, the deficit to the 5-year average is expected to increase to 14%, with the end-of season level now projected to be 1,350 Bcf.

**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 1/31/2022)**

ISO-NE Mass Hub \$208.24	MISO Indiana Hub \$64.99	NYISO Zone G \$209.39
PJM West Hub \$96.03	ERCOT North \$45.00	CAISO SP15 \$52.23
NYMEX NG		Change
Mar-22	4.639	0.356
Apr-22	4.473	0.266
12-Month	4.626	0.254
Cal 23	3.756	0.094
Cal 24	3.283	0.034

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,591	2,810	2,899	2,616
Diff v. Current		-219	-308	-25
% Diff			-10.6%	-1.0%

