

**Early Morning Update**

The Jan21 natural gas contract is flat at \$2.50. The Jan21 crude oil contract is up \$0.24 at \$45.88.

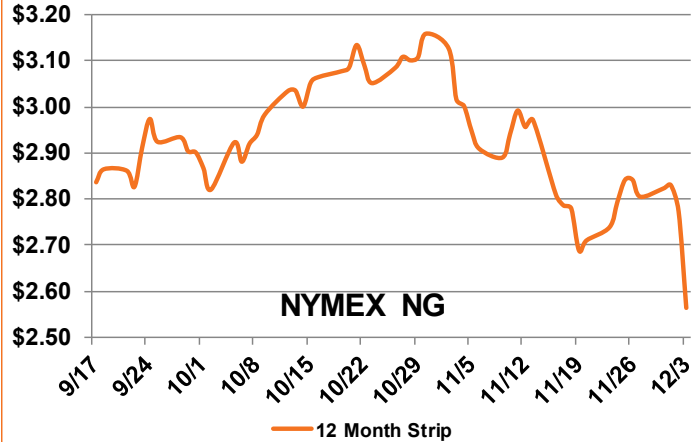
**Summary:** This week has been very bearish for the NYMEX natural gas markets up through now. The prompt month itself saw a total decrease from \$2.83/MMBtu all the way down to \$2.50/MMBtu which is where it's trading now. Thursday's price movement on its own decreased prices by \$0.273/MMBtu, likely due to the extremely low withdrawal that the EIA reported on. The 5 year average withdrawal is typically 41Bcf, and market forecasts predicted a change of -16Bcf and the EIA ultimately reported a draw of -1. The underwhelming change added to the bearish flame after unseasonable warmth blanketed much of the country. As a result, prices have decreased once again for each of the next 12 months. If you're unhedged for Q1 of 2021, pricing this low for the near term NYMEX may be your last good opportunity. Full Winter weather forecasts predict the best chance of cold to arrive in that Q1 time period, potentially increasing DA prices to high levels. By hedging your natural gas, Direct Energy Business could help save your company on your upcoming winter bills.

**Bullish Factors**

- LNG exports back in force
- High exports to Mexico
- Unstable production

**Bearish Factors**

- Coronavirus impacts on demand
- Healthy storage levels
- Lack of significant heating demand



**Next Day On-Peak Power (traded for 12/4/2020)**

|                                   |                                    |                                |
|-----------------------------------|------------------------------------|--------------------------------|
| <b>ISO-NE Mass Hub</b><br>\$25.91 | <b>MISO Indiana Hub</b><br>\$30.47 | <b>NYISO Zone G</b><br>\$28.66 |
| <b>PJM West Hub</b><br>\$23.24    | <b>ERCOT North</b><br>\$18.91      | <b>CAISO SP15</b><br>\$40.00   |

| <b>NYMEX NG</b> | <b>Close</b> | <b>Change</b> |
|-----------------|--------------|---------------|
| Jan-21          | 2.507        | -0.273        |
| Feb-21          | 2.515        | -0.263        |
| 12 Month        | 2.564        | -0.209        |
| Cal 22          | 2.580        | -0.093        |
| Cal 23          | 2.483        | -0.042        |

**EIA Natural Gas Storage**

| <b>EIA Reported Storage (Bcf)</b> | <b>This Week</b> | <b>Last Week</b> | <b>Last Year</b> | <b>5-Year Avg.</b> |
|-----------------------------------|------------------|------------------|------------------|--------------------|
| <b>Total</b>                      | 3,939            | 3,940            | 3,596            | 3,649              |
| <b>Diff v. Current</b>            |                  | -1               | 343              | 290                |
| <b>% Diff</b>                     |                  |                  | 9.5%             | 7.9%               |

