

Early Morning Update

The Jan21 natural gas contract is trading down \$0.16 at \$2.41. The Jan21 crude oil contract is down \$0.46 at \$45.80.

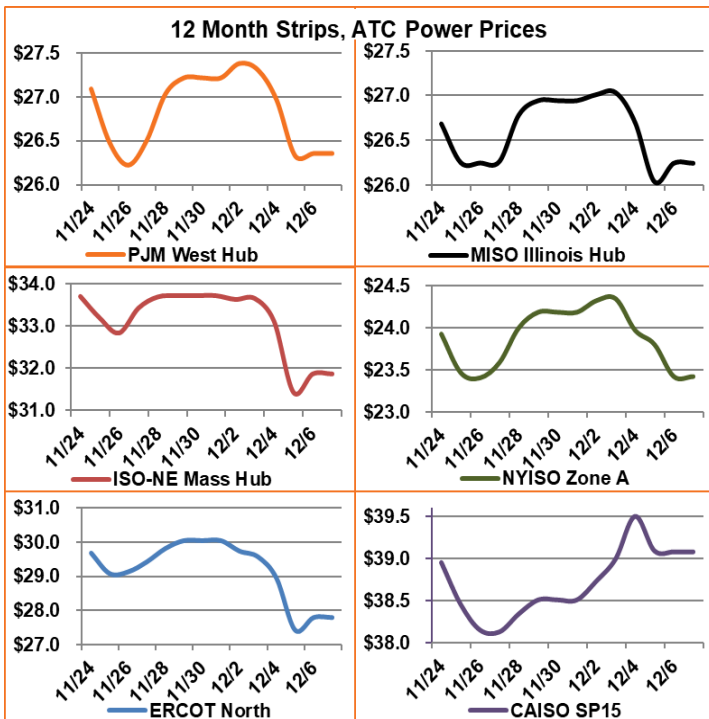
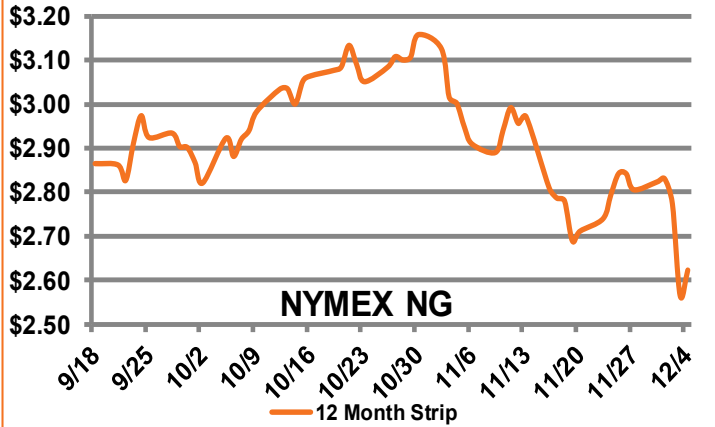
Summary: On Friday, the January 2021 NYMEX natural gas futures price rose 6.8 cents on the day to settle at \$2.575/MMBtu. Last week, Q1 2021 fell about 26 cents, a steep decline due to moderate temperatures across most of the country and an extremely bearish storage withdrawal reported by the U.S. Energy Information Administration on Thursday for the week ending Nov. 27. Cal '21 has fallen about 19% over the past month, the majority of the downward pressure due to weather. November came in as the fourth warmest on record, and forecasts show continued mild temperatures through the end of the year. Demand from LNG exports has continued its upward climb, reaching an all-time high of 11.5 Bcfd on Saturday. U.S. Dry production is averaging 90 Bcf/d so far this month, down slightly from the 91 Bcf/d reached two weeks ago. If the mild weather persists into January, support for natural gas prices may continue to weaken.

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 12/7/2020)

ISO-NE Mass Hub \$38.55	MISO Indiana Hub \$29.34	NYISO Zone G \$31.36
PJM West Hub \$33.22	ERCOT North \$25.43	CAISO SP15 \$40.02
NYMEX NG		Change
Jan-21	2.575	0.068
Feb-21	2.586	0.071
12 Month	2.622	0.058
Cal 22	2.608	0.028
Cal 23	2.505	0.022

EIA Natural Gas Storage

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

