

Early Morning Update

The Jan21 natural gas contract is trading up \$0.08 at \$2.67. The Jan21 crude oil contract is up \$0.43 at \$47.00.

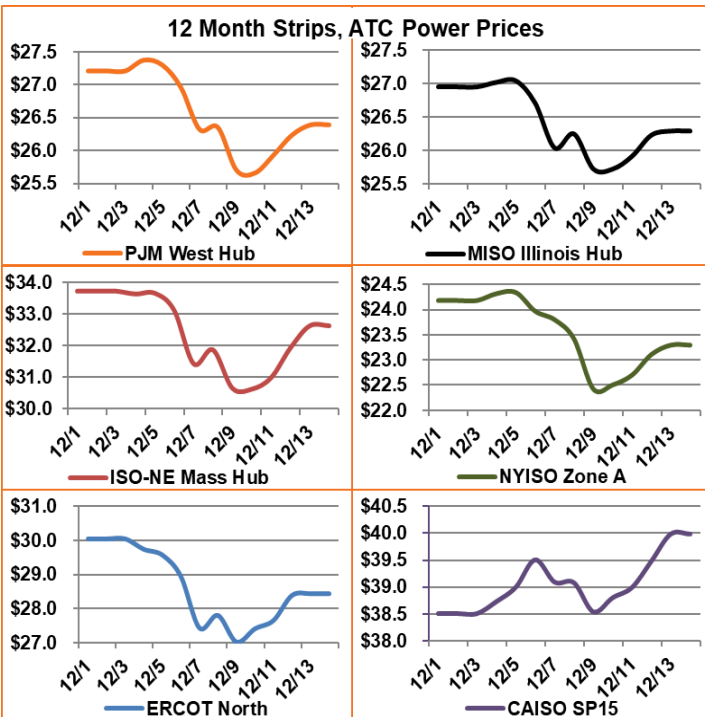
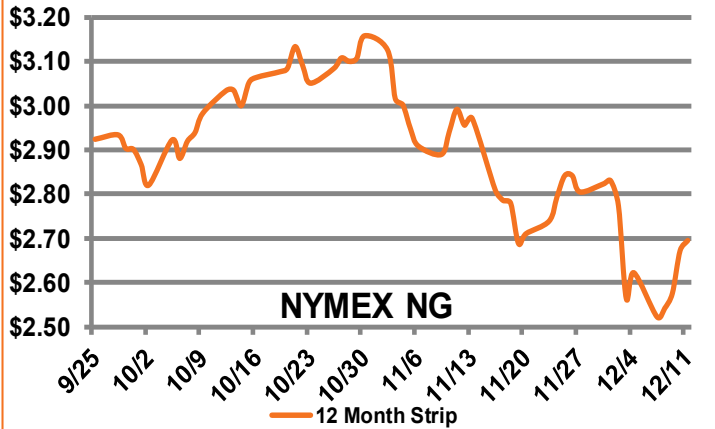
Summary: On Friday, the January 2021 NYMEX natural gas futures price climbed 3.8 cents on the day to settle at \$2.591/MMBtu. The prompt month climbed slightly week-over-week, up about two cents. Bearish conditions continue to dominate, with the major factor being warmer-than-normal forecasts for the eastern half of the country through the end of the month. Even with normal temps, winter weather has started to pushed up demand, rising to levels we have not seen since mid-February. Yesterday, LNG exports reached a new all-time high of 11.54 Bcf/d. As pricing has dropped in the U.S., global pricing for LNG is climbing, increasing demand for exports, with one obstacle being that there are not enough ships to transport the liquid fuel. This could be a support to pricing in the near term. According to the CFTC, Managed Money is still net long over 30,000 contracts. U.S. dry production is averaging just under 90.0 Bcf/d so far this month. Northeast production, which had been hovering near record levels, has dipped slightly to just over 33.0/Bcf, the lowest since mid-November.

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 12/14/2020)

ISO-NE Mass Hub \$37.56	MISO Indiana Hub \$30.00	NYISO Zone G \$31.23	
PJM West Hub \$28.39	ERCOT North \$25.34	CAISO SP15 \$41.14	
NYMEX NG		Close	Change
Jan-21	2.591	0.038	
Feb-21	2.603	0.033	
12 Month	2.695	0.023	
Cal 22	2.611	0.012	
Cal 23	2.494	0.005	

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,848	3,939	3,539	3,588
Diff v. Current		-91	309	260
% Diff			8.7%	7.2%

