

Early Morning Update

The Jan21 natural gas contract is trading up from yesterday's close at \$2.68. The Jan21 crude oil contract is up \$0.28 at \$48.64.

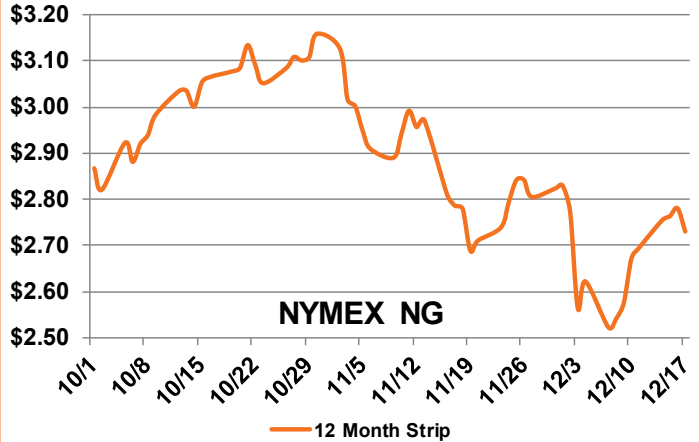
Summary: NYMEX NG prices slightly decrease yesterday despite a bullish storage inventory report. This contradiction is likely due to a minor bearish correction in the face of a report that was mostly accounted for in forecasts. Prices increased rather harshly after hitting new prompt lows last Monday, and yesterday's market experienced a relatively small movement. Price movement in the future is going to be heavily dependent on upcoming weather, and national forecasts are predicting slightly warmer than normal temperatures, despite the recent cold and snow in the northeast. Our team recommends keeping an eye on LNG exports as well, as market reports have shown consistent increases to this demand, reaching an all-time high at slightly above the 11.5Bcf/d mark. This is impactful on our domestic markets today, but is also a significant long-term indicator for where the international market for natural gas is moving.

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 12/18/2020)

ISO-NE Mass Hub \$100.78	MISO Indiana Hub \$27.22	NYISO Zone G \$64.00
PJM West Hub \$40.35	ERCOT North \$21.99	CAISO SP15 \$40.50

NYMEX NG	Close	Change
Jan-21	2.636	-0.041
Feb-21	2.637	-0.044
12 Month	2.730	-0.050
Cal 22	2.636	-0.007
Cal 23	2.505	0.003

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,726	3,848	3,442	3,483
Diff v. Current		-122	284	243
% Diff			8.3%	7.0%

