

Early Morning Update

The Jan21 natural gas contract is trading up \$0.07 at \$2.78. The Jan21 crude oil contract is down \$0.62 at \$47.35.

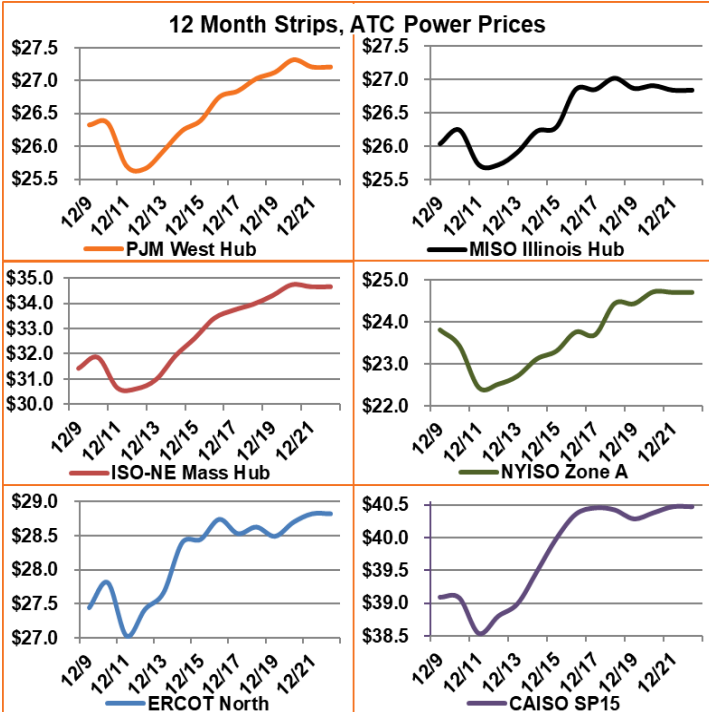
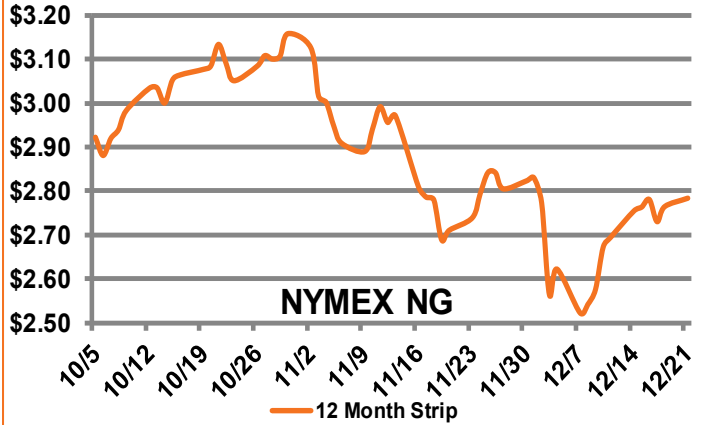
Summary: The NYMEX natural gas market was fairly quiet yesterday, with the prompt month gaining only half a penny and settling at \$2.705/MMBtu. Cals '21 and '22 moved up two cents and one cent, respectively, while the calendar strips after 2023 moved down between a penny and a half to three cents. There are some conflicting factors now that may have been the reason for the quieting of a market that has seen some extreme volatility over for the last couple of months. The first variable in play is weather. The northeast U.S. ended last week experiencing a large snow storm, and has since warmed up slightly, bringing slightly lower demand and some bearishness to both the natural gas and the electric markets. On the flipside, we have strong supply fundamentals, with natural gas production sticking above 90 Bcf per day currently. Overall, the market seems to be looking at much more bullishness in the longer term, which is supported by managed money holding net long contracts and LNG exports at near-record levels.

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 12/22/2020)

ISO-NE Mass Hub \$43.46	MISO Indiana Hub \$23.86	NYISO Zone G \$37.93
PJM West Hub \$28.25	ERCOT North \$19.76	CAISO SP15 \$39.65

NYMEX NG	Close	Change
Jan-21	2.705	0.005
Feb-21	2.689	0.008
12 Month	2.784	0.019
Cal 22	2.659	0.011
Cal 23	2.512	-0.015

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%

