

**Early Morning Update**

The Jan21 natural gas contract is trading down \$0.27 at \$2.24. The Feb21 crude oil contract is down \$0.11 at \$48.12.

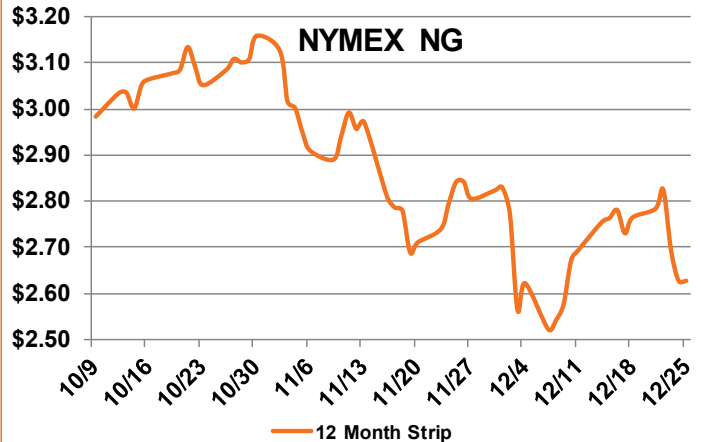
**Summary:** On Thursday, the January 2021 NYMEX natural gas futures price fell 9.0 cents on the day to settle at \$2.518/MMBtu. Today marks the penultimate day for Jan21 as the prompt month, and this morning it has plummeted, down about 25 cents! Weather forecast models have warmed significantly over the next two weeks. The models had been showing some cooler temps for the middle of the country, that has now flipped to warmer-than-normal temps for the majority of the U.S. Adding to the bearish fundamentals during this winter. Northeast cash prices had ticked up a bit at the end of last week due to the expected increased demand over the long weekend, but with the above average temps into the first week of January it is hard to see that continue. Last week the EIA reported a smaller than expected withdrawal from storage of 152 Bcf, but larger than the five-year average of 127 Bcf. This upcoming week estimates are around -126 Bcf. LNG exports remain strong averaging just over 11.0 Bcf/d. Over the holiday weekend, U.S. Dry production averaged just over 90.0 Bcf/d. With winter pricing continuing to fall, it may be hard for producers to continue to maintain these levels.

**Bullish Factors**

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

**Bearish Factors**

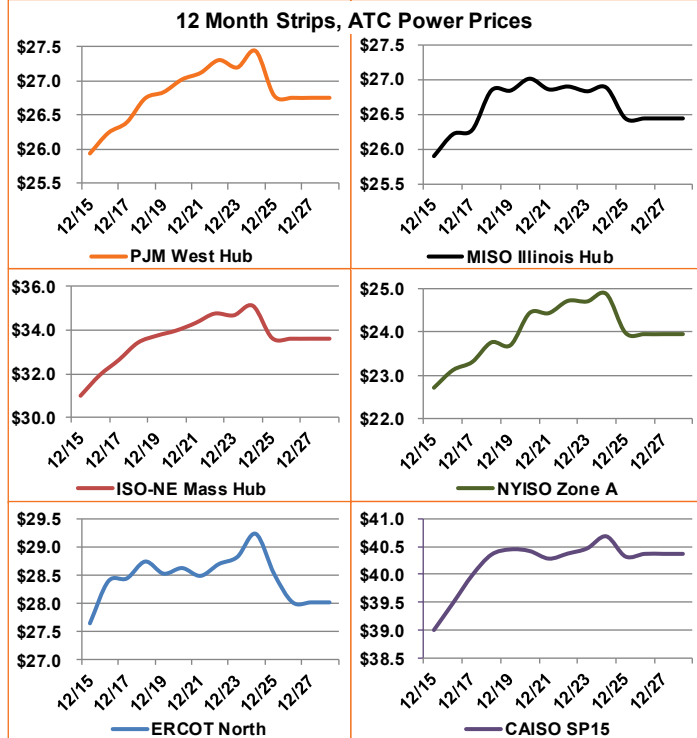
- Coronavirus impacts on demand
- Healthy storage levels
- Lack of significant heating demand



**Next Day On-Peak Power (traded for 12/28/2020)**

ISO-NE Mass Hub \$45.65	MISO Indiana Hub \$26.23	NYISO Zone G \$34.00
PJM West Hub \$27.55	ERCOT North \$23.01	CAISO SP15 \$44.23

NYMEX NG	Close	Change
Jan-21	2.518	-0.090
Feb-21	2.512	-0.076
12 Month	2.627	-0.068
Cal 22	2.590	-0.029
Cal 23	2.467	-0.017



**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,574	3,726	3,296	3,356
Diff v. Current		-152	278	218
% Diff			8.4%	6.5%

