

Early Morning Update

The Feb21 natural gas contract is trading flat at \$2.44. The Feb21 crude oil contract is down \$0.18 at \$47.82.

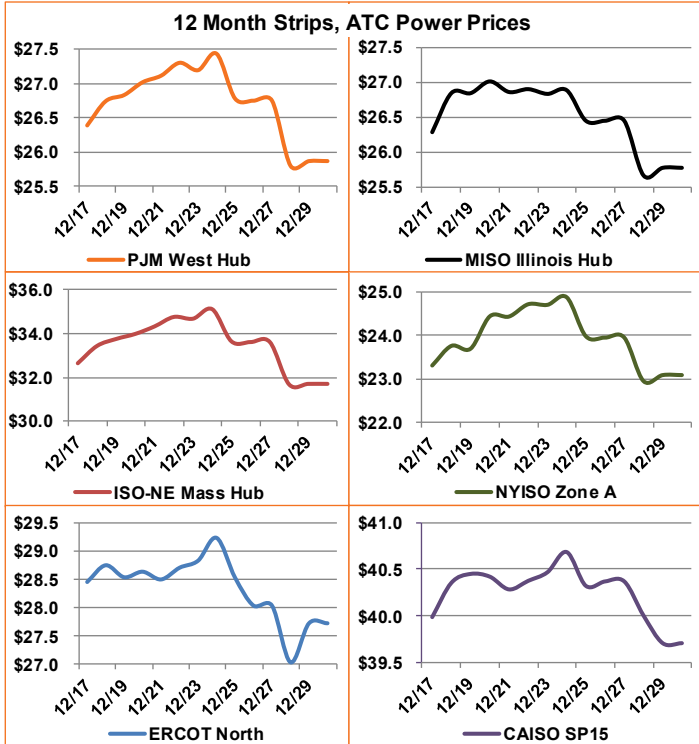
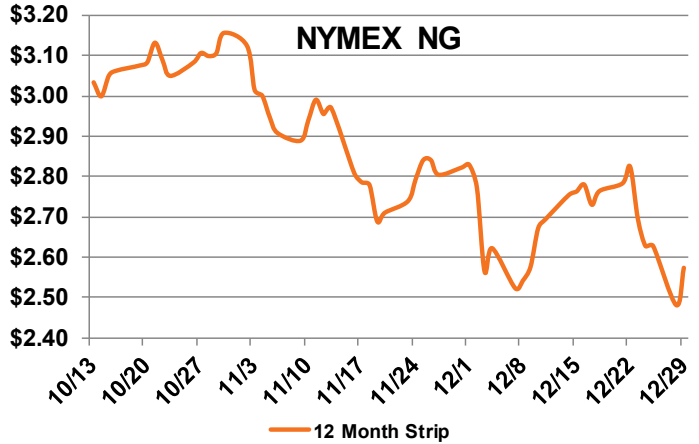
Summary: After the sharp sell-off on Monday, yesterday saw NYMEX rebound with upward movement throughout the curve. The prompt month January 2021 contract, on its expiration day, gained back 16.2 cents to settle at \$2.467/MMBtu. This compares to the previous year's January settle of \$2.158 but is a discount compared to this year's November and December settles, both of which were over 40 cents higher. The remaining winter strip also showed strong upward movement, with January through March moving up 13 cents, while the 2021 calendar strip followed as it gained 9.2 cents to \$2.57. The calendar strips remain backwardated through 2023, which is the low price on the board for a calendar year at \$2.46, which is up 3.5 cents from Monday. All months from Q2 2024 gained at least 5 cents with Q2 2026 through the end of the curve moving up 6.9 cents. Production has continue to hold near 91 Bcf/d over the past weeks and with the warmer-than-average forecasts continue into the third week of January, residential and commercial heating demand is expected to continue trending down from the recent high set on December 25th.

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 12/30/2020)

ISO-NE Mass Hub \$38.72	MISO Indiana Hub \$22.74	NYISO Zone G \$33.32
PJM West Hub \$22.88	ERCOT North \$22.60	CAISO SP15 \$40.00

NYMEX NG	Close	Change
Jan-21	2.467	0.162
Feb-21	2.444	0.118
12 Month	2.573	0.093
Cal 22	2.554	0.038
Cal 23	2.461	0.035

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%

