

Early Morning Update

The Dec20 natural gas contract is trading down \$0.11 at \$3.14. The Dec20 crude oil contract is up \$1.29 at \$38.10.

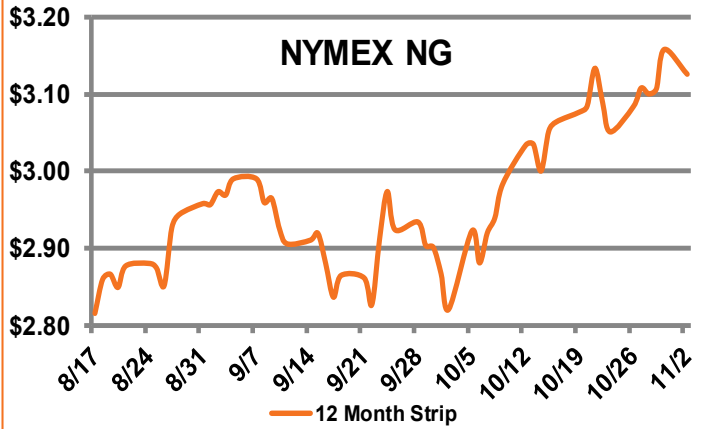
Summary: Yesterday saw some near-term relief in NYMEX winter pricing, as Dec '20 through Mar '21 lost an average of \$0.088, most notably with the December prompt contract losing 11 cents to close at \$3.244/MMBtu, and January losing 9.4 cents, closing at \$3.375/MMBtu. The 12-month strip lost 3.2 cents, closing the day at \$3.126, and Cal '21 lost 2.3 cents, closing at \$3.128. LNG exports have suffered over the last several months between cancelled cargoes worldwide due to COVID, low competitive natural gas prices in the Asian markets, and production challenges due to the hurricanes. But those exports showed a promising rebound in the last few weeks, and hit a new record of 10.37 Bcf/d on Oct. 31. Freeport LNG in Texas recently exported its 100th cargo since its start 11 months ago. More U.S. LNG cargoes are expected to target the Asian markets, as natural gas prices on the Japan-Korea Marker (JKM) are up substantially from an historic low of \$1.825/MMBtu on April 28, currently around \$6.80, although down a bit from recent highs above \$7.00. U.S. LNG exports are expected to hover in the range of 10-11 Bcf/d until May '21, when a new train at Cheniere's Corpus Christi plant is slated to come online.

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 11/3/2020)

ISO-NE Mass Hub \$42.68	MISO Indiana Hub \$34.11	NYISO Zone G \$32.39
PJM West Hub \$28.55	ERCOT North \$25.49	CAISO SP15 47.00

NYMEX NG	Close	Change
Dec-20	3.244	-0.110
Jan-21	3.375	-0.094
12 Month	3.126	-0.032
Cal 21	3.128	-0.023
Cal 22	2.800	-0.007

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,955	3,926	3,670	3,666
Diff v. Current		29	285	289
% Diff			7.8%	7.9%

