

Early Morning Update

The Dec20 natural gas contract is trading flat to yesterday's close at \$2.70. The Dec20 crude oil contract is down \$0.64 at \$40.70.

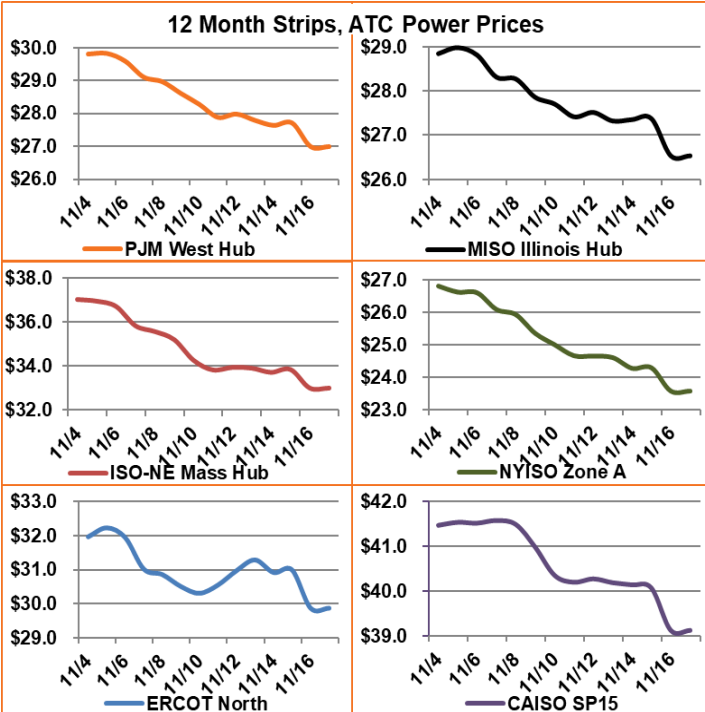
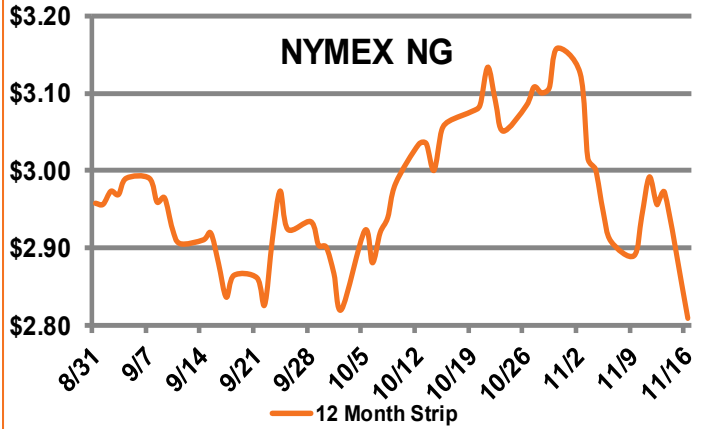
Summary: There have been a lot of changes this week in the near-term natural gas market. The prompt month fell almost 30 cents yesterday. This is the general downward movement seen for the entire Cal '21 strip and through the first quarter of '22. This has had effects on electric pricing, as well, bringing prices across the Northeast for Cal '21 down by significant amounts. For the first quarter of '21, we haven't seen lower prices in PJM than where they currently are, indicating now could be a great buying opportunity for this upcoming winter. Temperatures appear to be more bearish for the near-term, with the 20-day forecast showing above-normal temps into the first week of December. This is likely a major market mover in the natural gas space, due to the unusually warm weather. If forecasts hold, this November will be the 3rd warmest on record, and should also decrease our residential, commercial, and power burn demand. Long-term effects of this may show through production. If lowered prices persist heading into winter, lower production levels may follow, which could, ultimately, bring natural gas and electric prices back up very quickly at the first sign of cold this winter.

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 11/17/2020)

ISO-NE Mass Hub \$42.33	MISO Indiana Hub \$28.60	NYISO Zone G \$31.19
PJM West Hub \$27.74	ERCOT North \$24.02	CAISO SP15 \$39.00

NYMEX NG	Close	Change
Dec-20	2.697	-0.298
Jan-21	2.864	-0.258
12 Month	2.809	-0.162
Cal 21	2.842	-0.145
Cal 22	2.740	-0.026

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,927	3,919	3,731	3,751
Diff v. Current		8	196	176
% Diff			5.3%	4.7%

