

Early Morning Update

The Dec20 natural gas contract is trading down \$0.15 at \$2.56. The Dec20 crude oil contract is down \$0.07 at \$41.75.

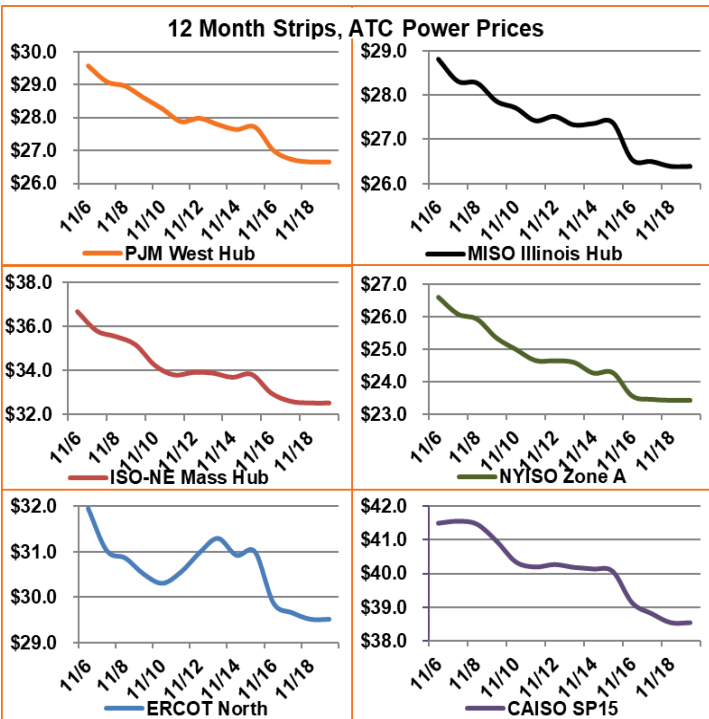
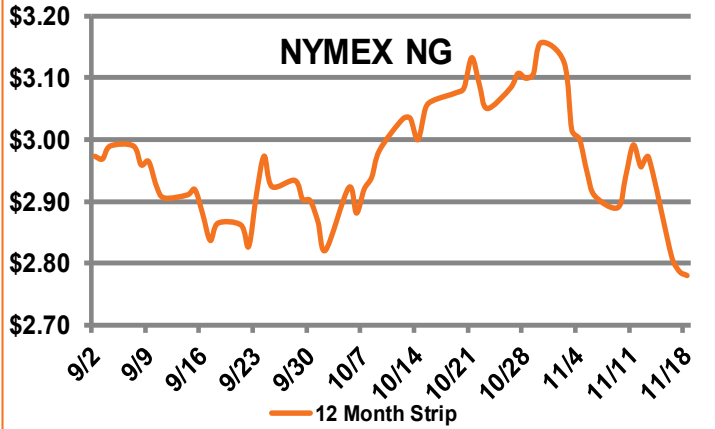
Summary: This morning's strong selloff in the natural gas market may be a great buying opportunity, as winter uncertainty lingers. Waning heating demand and healthy gas stockpiles continue to put downward pressure on short-term NYMEX natural gas contracts. Res-comm demand is down nearly 6.5 Bcf/d, as the warmer-than-normal temperatures forecasted for the Northeast more than offset any demand increases from school closures and stay-at-home orders. Further, today's storage report is expected to show an injection of nearly 22 Bcf. This is a sharply bearish contrast to last year's 66 Bcf withdrawal for the same week. While there was minimal movement in yesterday's gas market, the front winter contracts have lost significant value this morning in reaction to the refreshed demand outlook. The December 2020 through March 2021 contracts are already down at least \$0.13/MMBtu each. Contracts within the balance of 2021 are down slightly less, at least \$0.07/MMBtu each. It's unknown if this bearish trend will persist, as the supply and demand fundamentals driven by COVID are changing rapidly.

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 11/19/2020)

ISO-NE Mass Hub \$30.85	MISO Indiana Hub \$27.94	NYISO Zone G \$32.66
PJM West Hub \$24.32	ERCOT North \$19.06	CAISO SP15 \$36.39
NYMEX NG		
	Close	Change
Dec-20	2.712	0.020
Jan-21	2.838	-0.006
12 Month	2.779	-0.007
Cal 21	2.808	-0.009
Cal 22	2.736	-0.001

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%

