

Early Morning Update

The Nov20 natural gas contract is trading up \$0.03 at \$2.56. The Nov20 crude oil contract is down \$0.52 at \$39.70.

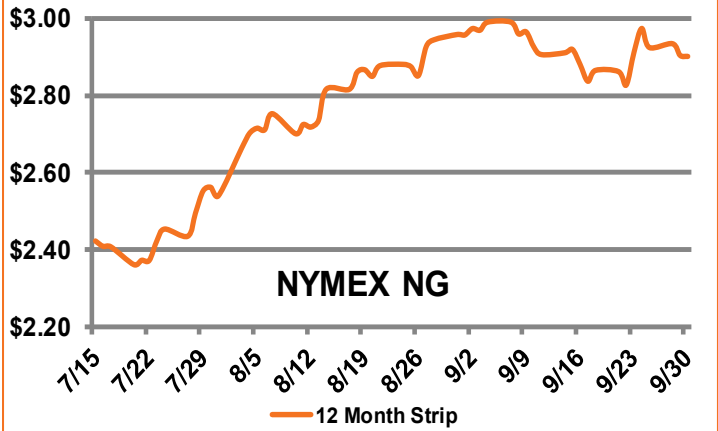
Summary: The November natural gas contract took a slightly bearish turn yesterday and lost three cents, settling at \$2.53. The prompt month was the biggest mover, as the remaining months in the 12-month strip all gained or lost less than a penny. This similar lack-of-movement was echoed further out on the curve, as well. Calendar strips '21-'25 all gained or lost less than a penny, on average. With the movement focused on the Nov contract, this bearishness is associated with warmer-than-normal temperatures in near-term weather forecasts. While below-normal temperatures are forecast over the next few days in Midcon and Southeast, above-normal temperatures become more widespread in the 6-20 day forecast, with many portions of the U.S. calling for temperatures as much as eight degrees higher than the 30-year normal. During the summer months, deviations above normal are a bullish signal to the market due to higher demand for cooling, but in the shoulder season, when normal temperatures are more moderate, this actually helps to stave off early on-set heating demand. If the weather forecasts hold true, this could lead to larger storage injections due to lower NG demand. This morning, the EIA will release their weekly storage report, where market participants are expecting an injection of 76 Bcf to be reported, which slightly trails the 5-year average of 78 Bcf.

Bullish Factors

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

Bearish Factors

- Coronavirus impacts on demand
- Healthy storage levels
- Normal temperatures declining



Next Day On-Peak Power (traded for 10/1/2020)

ISO-NE Mass Hub \$19.50	MISO Indiana Hub \$21.50	NYISO Zone G \$18.74
PJM West Hub \$18.82	ERCOT North \$16.25	CAISO SP15 \$94.19
NYMEX NG	Close	Change
Nov-20	2.527	-0.034
Dec-20	3.117	-0.001
12 Month	2.901	-0.003
Cal 21	2.923	0.000
Cal 22	2.623	-0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,680	3,614	3,176	3,273
Diff v. Current		66	504	407
% Diff			15.9%	12.4%

