

Early Morning Update

The Nov20 natural gas contract is trading down \$0.09 at \$2.43. The Nov20 crude oil contract is down \$1.87 at \$36.85.

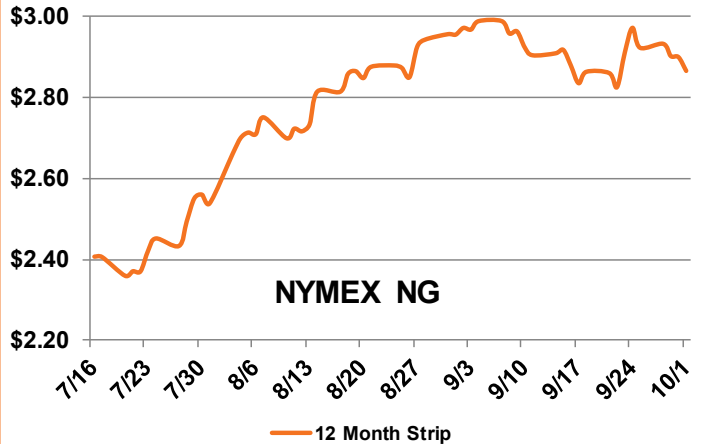
Summary: A strange day on the NYMEX yesterday as the prompt month traded in a wide \$.15 range before ultimately settling exactly flat on the day at \$2.527. The EIA reported a build into storage of 76 Bcf, which was spot-on with estimates so the storage report didn't give the market any reasons to move. With that injection, storage is now 14% ahead of last year and 12% above the 5-year average. With the estimates over the next three weeks, the surplus to both benchmarks is forecast to shrink considerably. We'll still end the injection season around 4 Tcf but the tightening supply/demand balance could mean that we'll withdraw gas at a faster pace this winter (pending weather). On the power side, it was also a quiet day yesterday with index prices seeing very low levels, everywhere except California. The left coast is seeing some late heat which is pressuring the grid again and causing some high prices. High temps are forecast for California through the weekend.

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 10/2/2020)

ISO-NE Mass Hub \$17.79	MISO Indiana Hub \$22.58	NYISO Zone G \$17.02
PJM West Hub \$19.47	ERCOT North \$13.93	CAISO SP15 \$51.92

NYMEX NG	Close	Change
Nov-20	2.527	0.000
Dec-20	3.062	-0.055
12 Month	2.867	-0.034
Cal 21	2.890	-0.033
Cal 22	2.616	-0.008

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,756	3,680	3,285	3,351
Diff v. Current		76	471	405
% Diff			14.3%	12.1%

