

Early Morning Update

The Nov20 natural gas contract is trading up \$0.01 at \$2.62. The Nov20 crude oil contract is up \$1.03 at \$40.25.

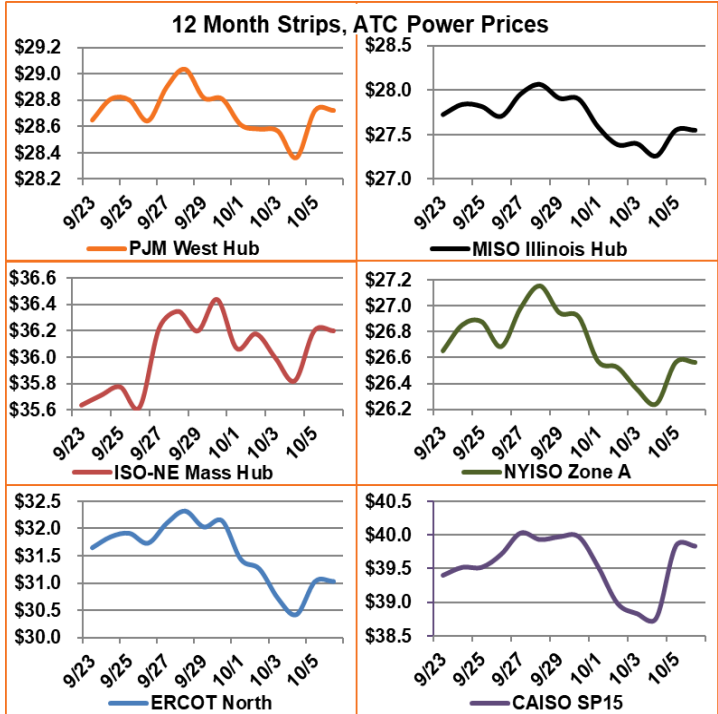
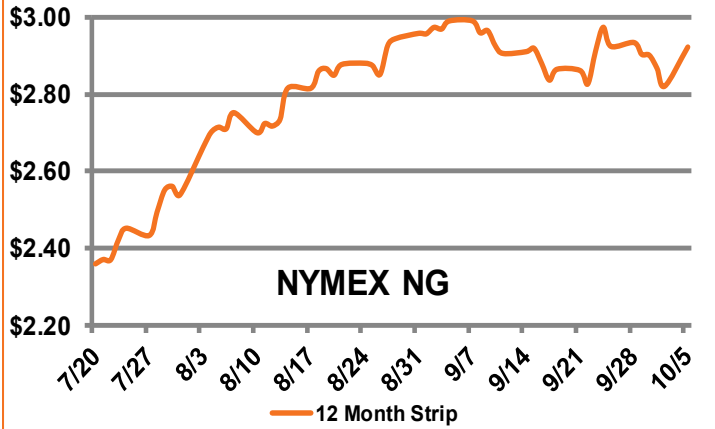
Summary: After declining \$0.37 last week, the Nov '20 NYMEX natural gas contract gained a good chunk of that back in a single trading session yesterday, settling at \$2.615/MMBtu, up almost 18 cents on the day. The entire front on the NYNEX curve made significant gains yesterday, with Dec '20 up 17 cents, Cal '21 rising eight cents, and Q1-22 four cents higher. Bucking the trend, all of the calendar strips beyond 2021 declined slightly. U.S. dry production had been maintaining levels slightly above 87 Bcf/d for the past week, but is projected to drop to 85.2 Bcf/d today, with most of the decline seen in the Southeast producing region. Imports from Canada are down 0.5 Bcf/d today, reflecting the overall drop in U.S. demand for natural gas. Demand in the res/comm sector fell 4.0 Bcf/d since yesterday, while industrial demand is down 0.6 Bcf/d. The overall day-over-day domestic demand loss amounted to 3.2 Bcf/d, as power burn demand increased by 1.5 Bcf/d. Mexican exports are close to all-time highs at just under 6.0 Bcf/d, while feedgas for LNG exports is hovering just under 8.0 Bcf/d. With the return of Cameron LNG later this month, LNG exports are expected to set a new high.

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 10/6/2020)

ISO-NE Mass Hub \$23.38	MISO Indiana Hub \$23.26	NYISO Zone G \$16.75
PJM West Hub \$21.38	ERCOT North \$24.00	CAISO SP15 \$45.73
NYMEX NG		
	Close	Change
Nov-20	2.615	0.177
Dec-20	3.161	0.170
12 Month	2.922	0.101
Cal 21	2.935	0.081
Cal 22	2.632	0.020

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%

