

Early Morning Update

The Nov20 natural gas contract is trading up \$0.06 at \$2.83. The Nov20 crude oil contract is down \$0.35 at \$40.61.

Summary: More volatility at the front of the NYMEX curve as the prompt month traded higher by \$0.139 to close the day at \$2.775. The market seems concerned about production and the low-ish storage report didn't help to ease the markets concern. Estimates had been for a build into storage in the low 50's, but the EIA reported a build of just 46 Bcf. The slowing pace of injections is reflective of the low (y-o-y) NG production, and also the production lost due to Hurricane Delta. On the flip side, weather forecasts are in general consensus that we aren't headed for a polar vortex-type winter. The Direct Energy forecast is calling for a winter that is colder than last year, but otherwise somewhere between the 10 and 30-year averages. That doesn't mean there won't be periods of intense cold, and the more of those that hit the east coast, the more volatile the market will be as demand can increase sharply during those cold snaps.

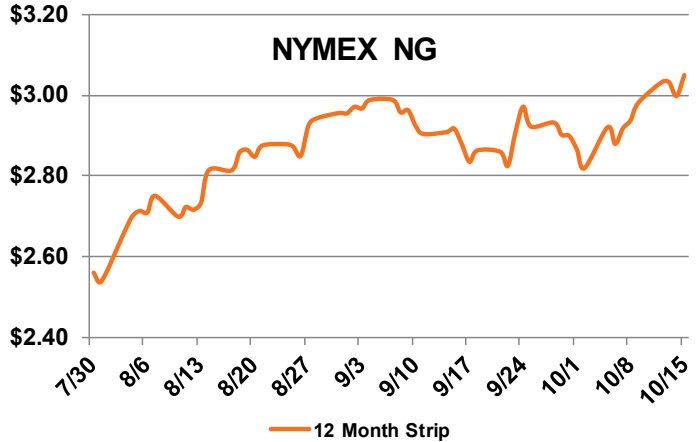
Direct Energy did host our winter weather webinar yesterday and if you missed it and would like a recording, please reach out to your DE representative.

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 10/16/2020)

ISO-NE Mass Hub \$26.75	MISO Indiana Hub \$32.62	NYISO Zone G \$21.80
PJM West Hub \$25.76	ERCOT North \$23.84	CAISO SP15 \$77.71

NYMEX NG	Close	Change
Nov-20	2.775	0.139
Dec-20	3.261	0.072
12 Month	3.052	0.052
Cal 21	3.066	0.040
Cal 22	2.697	0.030

EIA Natural Gas Storage				
EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,877	3,831	3,489	3,524
Diff v. Current		46	388	353
% Diff			11.1%	10.0%

