

Early Morning Update

The Nov '20 natural gas contract is trading down \$0.02 at \$3.00. The Dec '20 crude oil contract is up \$0.07 at \$40.10.

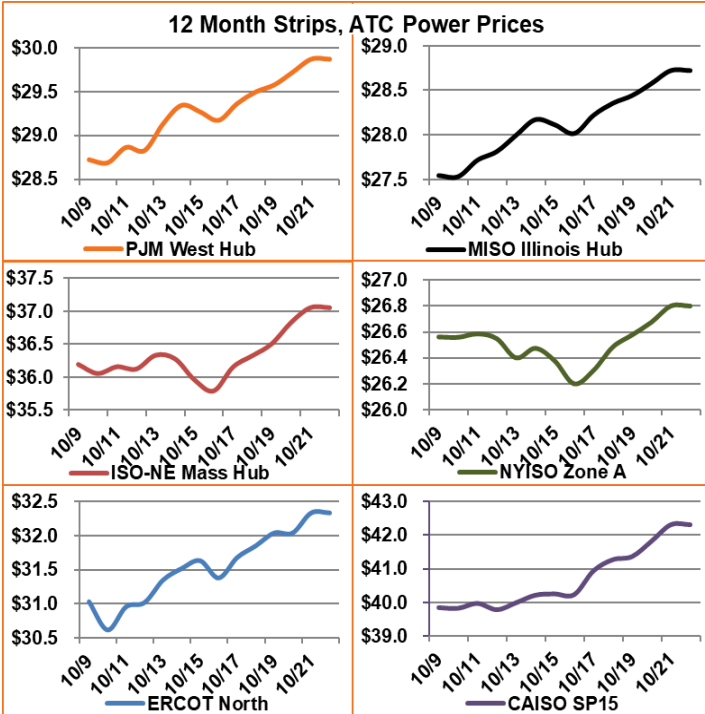
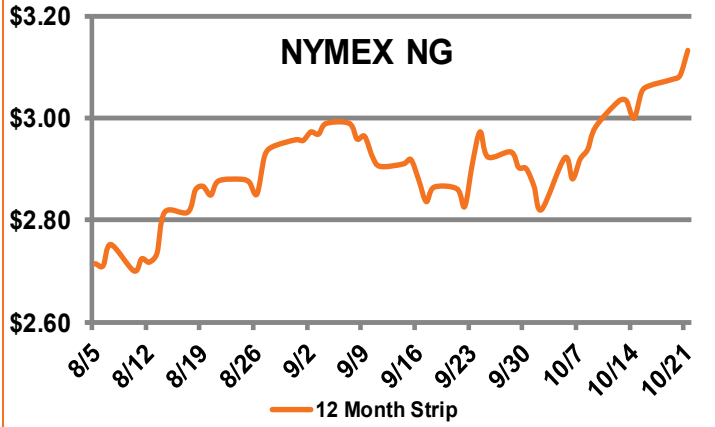
Summary: The bulls won in yesterday's trading session by a long shot. Gaining 11 cents, the prompt month broached the \$3 threshold and settled at \$3.02. We haven't seen the prompt month above the \$3 mark since January 2019. The remaining months in the upcoming winter strip all experienced gains of six to eight cents each, and the Nov-Mar winter strip settled at a new high of \$3.31. Cal '21 strengthened by three cents, and '22-'25 all gained one to two pennies each. The ebb and flow of the near-term contracts have been highly correlated to revisions in near-term weather forecasts. Significantly colder-than-normal temperatures are covering the Midcon and Northern Plains for the rest of the week, with forecasts showing this cold expanding in the 6-10 day outlook to a majority of the country. Additionally, LNG feedgas demand climbed to 8.6 Bcf/d, which is the highest we've seen since mid-April. Estimates for the EIA's weekly storage report due out this morning are showing an injection somewhere in the neighborhood of 52 Bcf. While natural gas storage levels are trending much higher than last year and the 5-year average, a cold winter, along with increasing export demand, could quickly change the surplus to a deficit.

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 10/22/2020)

ISO-NE Mass Hub \$28.88	MISO Indiana Hub \$32.50	NYISO Zone G \$22.40
PJM West Hub \$28.94	ERCOT North \$33.00	CAISO SP15 \$41.94
NYMEX NG		
	Close	Change
Nov-20	3.023	0.110
Dec-20	3.348	0.088
12 Month	3.133	0.049
Cal 21	3.130	0.035
Cal 22	2.754	0.016

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%

