

Early Morning Update

The Nov '20 natural gas contract is trading down \$0.03 at \$2.98. The Dec '20 crude oil contract is up \$0.16 at \$40.80.

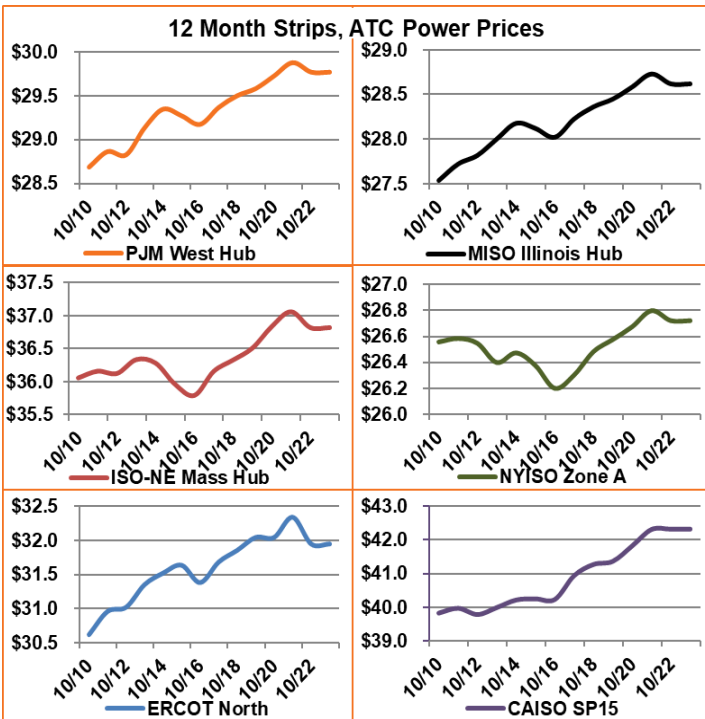
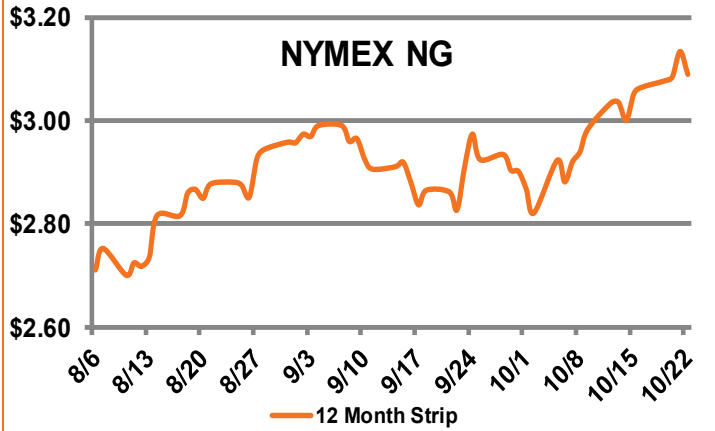
Summary: Yesterday, the U.S. Energy Information Administration reported a 49 Bcf increase in storage stockpiles for the week to Oct. 16, bringing the total amount of natural gas saved up for winter to 3,877 Bcf. Although the build was just shy of the 52 Bcf the market had anticipated, it was only two-thirds the size of the 75 Bcf five-year average and about half of the 92 Bcf recorded last year for the corresponding week. With only two more injections expected this year, end-of-season inventories are projected to be 3,935 Bcf. This would cut the surplus to, both, last year and the five-year average to 5.8%. There was very little reaction to the news with regard to pricing, as the prompt month declined just 1.6 cents on Thursday, settling at \$3.007/MMBtu. However, bullish fundamentals should keep pressure on NYMEX pricing in the coming days. On top of a blast of cold air expected to envelop much of the country next week and some early heating demand kicking in, LNG exports are ramping up, as Cameron LNG loaded its first tanker since Hurricane Laura curtailed operations at the plant. Together with Sabine Pass, LNG exports are expected to grow back to pre-pandemic levels and close to record highs.

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 10/23/2020)

ISO-NE Mass Hub \$25.91	MISO Indiana Hub \$30.08	NYISO Zone G \$20.58
PJM West Hub \$26.87	ERCOT North \$26.79	CAISO SP15 \$40.97

NYMEX NG	Close	Change
Nov-20	3.007	-0.016
Dec-20	3.272	-0.076
12 Month	3.089	-0.044
Cal 21	3.090	-0.040
Cal 22	2.751	-0.003

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,926	3,877	3,581	3,599
Diff v. Current		49	345	327
% Diff			9.6%	9.1%

