

Early Morning Update

The Nov20 natural gas contract is trading flat to yesterday's close at \$3.01. The Dec20 crude oil contract is up \$0.24 at \$38.80.

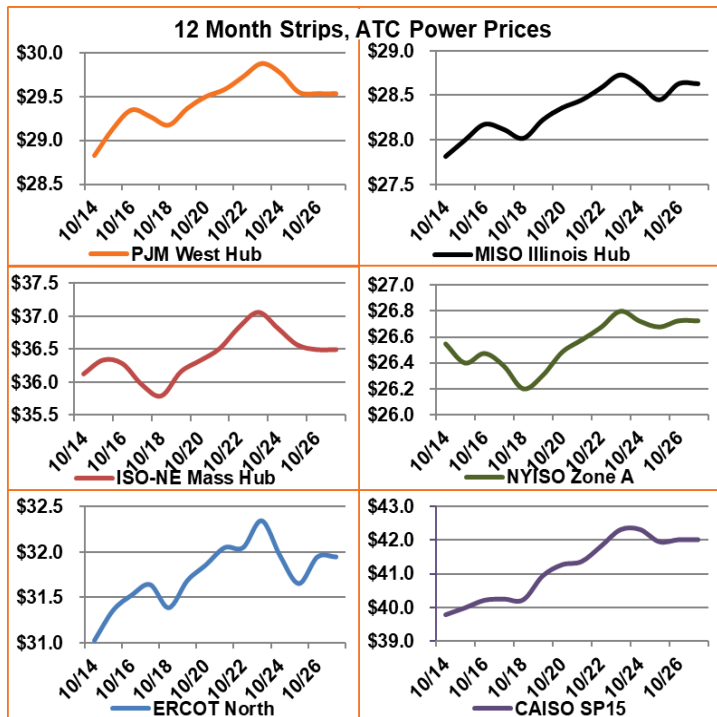
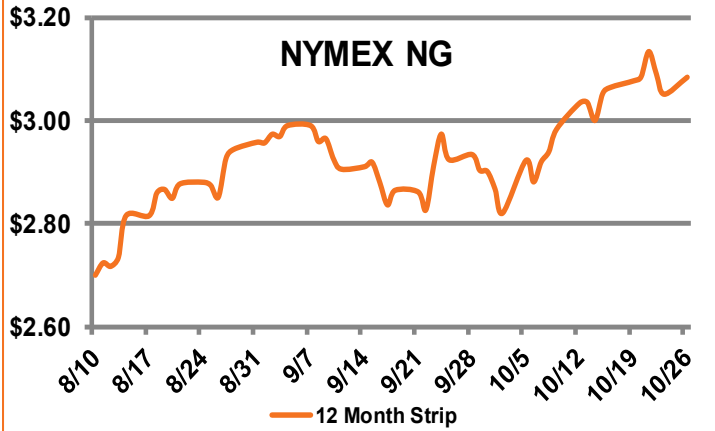
Summary: The NYMEX prompt month appears to be battling to stay above \$3.00 and has fluctuated approximately four cents around the mark for the last couple of days. Bullish factors include the upcoming end of the injection season, where, despite the nearly 4.0 Tcf inventory, minimal storage inputs are propping up winter term pricing. As temperatures fall and more gas is used for heating load, prices will continue to rise with potential for higher upside risk if the U.S. receives a colder start to the season than expected. Looking at longer term pricing, the natural gas market has seen an increase across the board for calendar strips, with '21 and '22 settling approximately ten cents higher week-over-week. Hurricane Zeta is being projected to land close to the LA/MS border, lessening the impact on major LNG facilities. Although it is forecast to be weaker than the previous destructive hurricanes, shut-ins will occur, slowing production. A final bull factor includes the fact that LNG exports have returned to record levels that we had seen right before the pandemic. The higher level of international demand is not only going to prop up our prices now with winter coming into play, but will likely have long term consequences to our domestic supply and demand.

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 10/27/2020)

ISO-NE Mass Hub \$36.59	MISO Indiana Hub \$37.50	NYISO Zone G \$25.08	
PJM West Hub \$30.84	ERCOT North \$36.00	CAISO SP15 \$45.20	
NYMEX NG		Close	Change
Nov-20		3.024	0.053
Dec-20		3.253	0.058
12 Month		3.084	0.033
Cal 21		3.086	0.026
Cal 22		2.768	0.021

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%

