

Early Morning Update

The Dec20 natural gas contract is trading down \$0.02 at \$3.28. The Dec20 crude oil contract is down \$0.05 at \$36.12.

Summary: Another volatile day as the NYMEX traded in a wide range before ultimately settling nearly flat, up just \$.01 to close at \$3.301. The prompt month traded at low at \$3.15 as weather forecasts show warmer than average temps along the east coast into the 2nd week of November, perhaps delaying the start to cold winter weather. But the EIA reported a smaller than expected build into storage of just 29 Bcf, below the estimates in the high 30;s. The market rallied on the news and finished the day nearly flat.

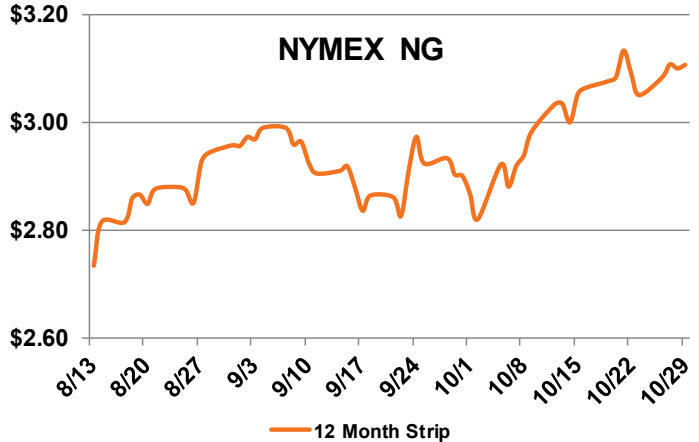
We're also seeing index markets creep up. PJM markets had been in the \$20's for most of 2020 but now are hovering in the low \$30-range. NEPOOL pricing nearly hit \$60 for today as colder temps are forecast there through this weekend, before warming up next week. It's a reminder that winter risk remains despite the recent low-priced winters over the past 2 years. The NG supply in the US is considerably lower this year compared to last year and very cold temps will almost certainly cause price spikes this year—something we haven't seen in a long time.

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 10/30/2020)

ISO-NE Mass Hub \$57.08	MISO Indiana Hub \$33.05	NYISO Zone G \$35.00
PJM West Hub \$33.80	ERCOT North \$34.27	CAISO SP15 \$36.00

NYMEX NG	Close	Change
Dec-20	3.301	0.010
Jan-21	3.417	0.006
12 Month	3.107	-0.002
Cal 21	3.100	-0.003
Cal 22	2.781	-0.002

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,955	3,926	3,670	3,666
Diff v. Current		29	285	289
% Diff			7.8%	7.9%

