

Early Morning Update

The Oct20 natural gas contract is trading up \$0.02 at \$1.86. The Oct20 crude oil contract is up \$0.49 at \$39.80.

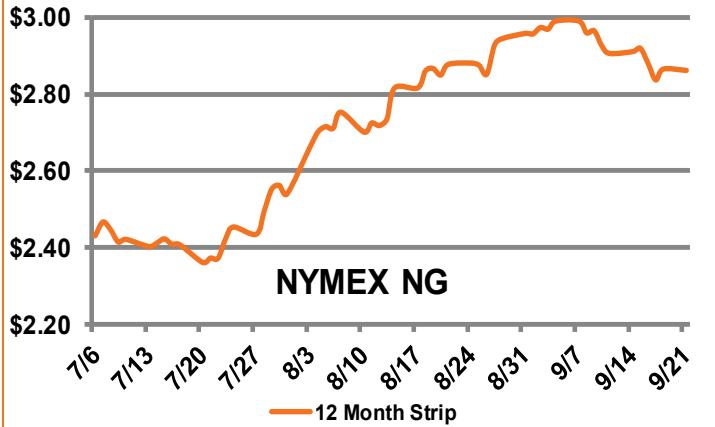
Summary: The October natural gas contract fell more than 21 cents yesterday, closing out the day at \$1.835/MMBtu, the first time that the prompt month has closed below \$2/MMBtu since August 2nd. That weakening was limited to the prompt month, though. The November-March winter strip gained four cents, on average, with the largest gain in November, at eight cents/MMBtu, and the calendar strips through 2026 saw minimal gains, between a half penny and two cents. LNG exports continue to recover, with no more than five cargo cancellations expected in November, and the same for October, a nice rebound from the 45 cancellations per month that were reported for July and August. Export activity has increased sharply since the start of September, even with the shut-in of Cameron LNG, which has been offline since the plant's power supply infrastructure was damaged by Hurricane Laura. While oil & gas production has begun to rebound in the gulf following hurricanes Laura & Sally, Tropical Storm Beta has hindered that rebound, especially in Texas waters, where offshore production is entirely shut-in while Beta blows through. The 2020 Atlantic hurricane season has the potential to be the most active in recorded history, currently in second place behind the 2005 season, which produced four Category 5 hurricanes.

Bullish Factors

- Curtailed production
- High power burns
- LNG exports back in force

Bearish Factors

- Coronavirus impacts on demand
- Healthy storage levels
- Normal temperatures declining



Next Day On-Peak Power (traded for 9/22/2020)

ISO-NE Mass Hub \$19.70	MISO Indiana Hub \$27.06	NYISO Zone G \$18.54	
PJM West Hub \$18.75	ERCOT North \$16.03	CAISO SP15 \$31.82	
NYMEX NG		Close	Change
Oct-20	1.835	-0.213	
Nov-20	2.710	0.077	
12 Month	2.861	-0.003	
Cal 21	2.952	0.005	
Cal 22	2.647	0.001	

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	3,614	3,525	3,079	3,193
Diff v. Current		89	535	421
% Diff			17.4%	13.2%

