

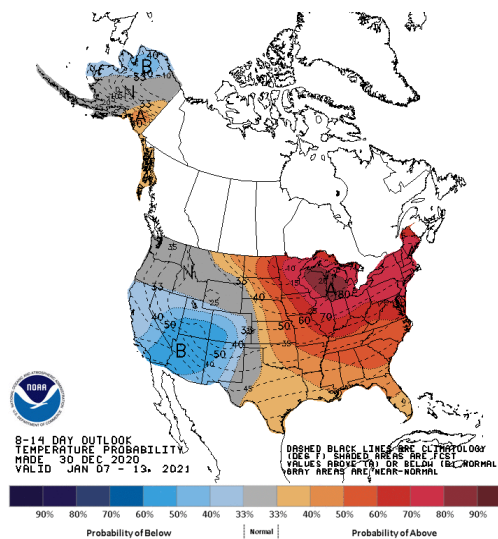


**NATURAL GAS MARKET UPDATE**

December 30, 2020

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**NOAA 8 TO 14 DAY TEMPERATURE ANOMALY FORECAST:**



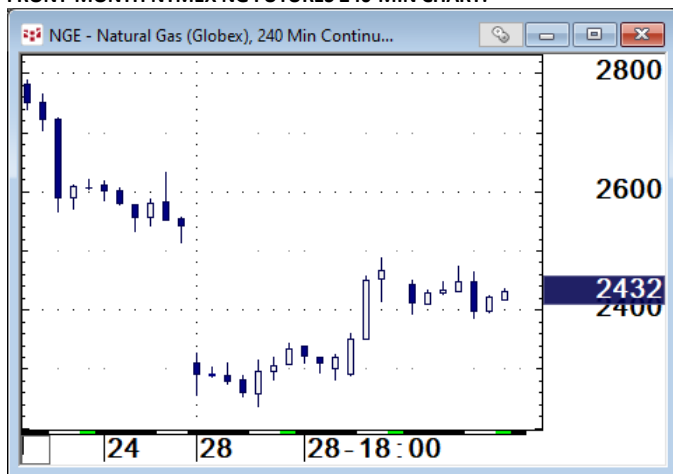
**NYMEX HENRY HUB SETTLEMENT PRICES:**

12/30/20	Settle	Season		Year	
Feb21	2.422	Feb21-Mar21	2.422	Cal 22	2.554
Mar21	2.422	Apr21-Oct21	2.568	Cal 23	2.448
Apr21	2.447	Nov21-Mar22	2.826	Cal 24	2.463
May21	2.471	Apr22-Oct22	2.414	Cal 25	2.503
Jun21	2.529	Nov22-Mar23	2.661	Cal 26	2.520
Jul21	2.602	Apr23-Oct23	2.312	Cal 27	2.553
Aug21	2.634	Nov23-Mar24	2.633	Cal 28	2.587
Sep21	2.632	Apr24-Oct24	2.325	Cal 29	2.642
Oct21	2.663	Nov24-Mar25	2.698	Cal 30	2.712

**DOMINION-SOUTH FIXED-PRICE MARKETS (NYMEX + ICE DOM-SOUTH BASIS):**

Feb-21	1.8570	Feb21-Mar21	1.8533
Mar-21	1.8495	Apr21-Oct21	1.8861
Apr-21	1.9145	Nov21-Mar22	2.2342
May-21	1.8485	Apr22-Oct22	1.7839
Jun-21	1.8840	Nov22-Mar23	2.1051
Jul-21	1.9495	Apr23-Oct23	1.6837
Aug-21	1.9590	Nov23-Mar24	2.1027
Sep-21	1.8170	Feb21-Jan22 (1-Yr Strip)	1.9616
Oct-21	1.8305	Calendar 2022	1.9531
Nov-21	2.0045	Calendar 2023	1.8565
Dec-21	2.2325	Calendar 2024	1.8873
Jan-22	2.3925	Calendar 2025	1.9484

**FRONT-MONTH NYMEX NG FUTURES 240-MIN CHART:**



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**DAILY CASH MARKET PRICES (for GD30):**

Algonquin city-gates	3.265
Columbia Gas Transmission (TCO)	2.140
Dominion South Point	1.955
Henry Hub	2.370
Tetco M3	2.235
Transco Station 85 (Zone 4)	2.335
Transco Zone 5 South	2.425
Waha	2.215

**WORKING NATURAL GAS IN STORAGE, LOWER 48 STATES:**

As of Week Ending:	12/18/2020	Build/(Draw)
Current Storage	3,574 Bcf	(152) Bcf
		Surplus/(Deficit)
Last Year Storage	3,296 Bcf	278 Bcf
5-Year Average	3,356 Bcf	218 Bcf
<b>ICE Traded Markets:</b>		ICE Settle:
Weekly Storage Inventory Number (12/31/2020)		(120) Bcf
End of Natural Gas Draw Swap (04/08/2021)		1,550 Bcf

**Market Commentary:** As the market continues to wait for the onset of widespread cold in the United States, weakness begets more weakness in the absence of a jump in HDDs to get this market turned around and onto a more solid footing. Last week's light trading did not signal the start of a turnaround, and this week kicked off with more ugliness and a sharp gap lower on Sunday to fresh 3-month lows with a low print of 2.238 touched on Monday morning's open, which also represented a new contract low for all three of the Q1 Nymex contracts that were trading on Monday, though Apr21 and beyond held up much better and the summer '21 Nymex contracts are all trading above the two remaining winter contract months of Feb21 and Mar21. This week's move would appear to be the natural gas market effectively writing off this winter as over before it even really got a chance to get going, which is reminiscent of last winter's price action, though we had the onset of Covid to attribute much of that weakness to at the time, and we did not have the tight balances entering last winter that we did entering this winter. The Jan21 Nymex contract rolled off the board yesterday at a final price of 2.467, which was up sharply from Monday's close but was down over 40 cents from last month's 2.896 finish for the Dec20 Nymex contract. The 8 to 14 day outlook from NOAA above continues to exhibit hues that bullish traders would want to see in July and August and not in December and January, and those developments are keeping a lid on prices and instilling further regret in any remaining NG bulls who haven't yet been forced out of their losing trades. Production has exacerbated the weakness, with the 7-day average back up to 91 Bcf/day over the past week, with minimal demand for that additional production to satisfy. Global LNG benchmarks continue to sing a decidedly different tune, with the Feb JKM contract approaching \$13 and spot cargoes for delivery later next month are said to be in the \$15-\$16 even as our domestic Henry Hub prices remain mired below \$2.50. A major cold snap would go a long way to helping turn the domestic market around, but the outlook is not for major cold over the next two weeks. NG bulls are playing defense, but a major shift in the weather outlook should reverse that trend and put NG bears in defense mode instead.

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