

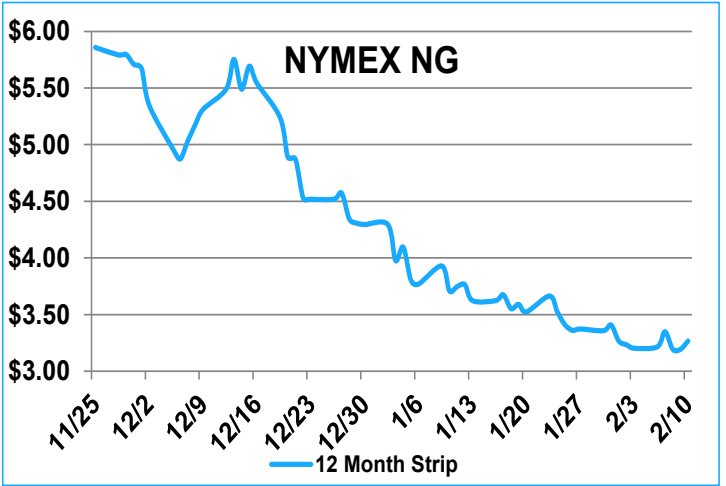
Early Morning Update

The Mar '23 natural gas contract is trading down \$0.05 at \$2.46. The Mar '23 crude oil contract is down \$0.62 at \$79.10.

Summary

Despite last week's stronger-than-expected injection of 217 Bcf, the storage outlook remains bearish for the next few weeks as end-of-winter storage levels are projected to be ~1.9 Tcf. This would represent the highest level of natural gas storage coming out of winter since spring 2020, when storage exited at 2.0 Tcf, but not near the exit of 2016, where storage levels ended at 2.46 Tcf. What made 2016 special? According to NOAA, Dec 2015 – Feb 2016 was the warmest period on record in the U.S. for those three winter months, and prices reacted accordingly, with the March 2016 prompt settling at \$1.711/MMBtu. Today's market is seeing similarities with above-normal temperatures (January 2023 was 6th warmest) pushing heating demand lower and near record-setting production allowing supply to outpace demand. The NYMEX natural gas 12-month strip price best reflects the market change, being down 44% since 10/1/22 to end Friday's trading at \$3.277/MMBtu. Wary of how fast the NYMEX rallied last summer, market participants will be on the lookout for below-normal temperatures this spring, slowing production, and growing exports for anything that could push prices higher over the coming months.

Bullish Factors	Bearish Factors
<ul style="list-style-type: none"> High global gas prices Western drought Winter is here 	<ul style="list-style-type: none"> LNG exports down due to Freeport fire Robust natural gas production Moderate seasonal demand



Next Day On-Peak Power (traded for 2/13/2023)

ISO-NE Mass Hub \$41.11	MISO Indiana Hub \$31.24	NYISO Zone G \$33.30
PJM West Hub \$26.82	ERCOT North \$21.85	CAISO SP15 \$47.85

NYMEX NG	Close	Change
Mar-23	2.514	0.084
Apr-23	2.607	0.115
12-Month	3.277	0.083
Cal 24	3.632	0.022
Cal 25	3.875	0.010

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total		2,583	2,133	2,249
Diff v. Current		-217	233	117
% Diff	2,366		10.9%	5.2%

