



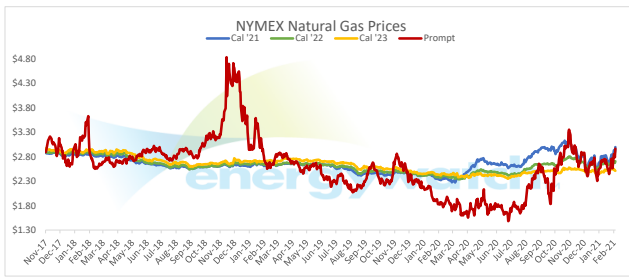
Week Ending: 2/5/2021

**Weekly Update:**

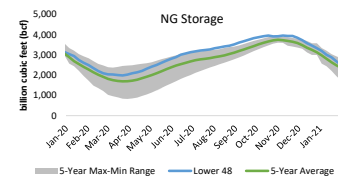
As more funding is being provided for Green Energy in Biden's Administration, more questions are being raised about the future of the fossil fuel industry. Shell says that its oil production peaked in 2019 and claims that it would begin reducing oil production and we can expect it to decline gradually by 1 or 2% per year. They also mentioned that its total carbon emissions peaked in 2018 at 1.7 gigatons. This doesn't come as a total surprise as the oil market has been on the decline for years and due to the COVID-19 pandemic, fuel prices have gone down further. Though, according to OPEC and the International Energy Agency (IEA), the global oil demand could begin recovering in the second half of this year but nothing is certain just yet.

The U.S. Energy Information Administration reported that natural gas storage inventories declined by 171 Bcf this week. Even though this is a considerably large withdrawal compared to what we've seen in the past, it's still coming in at 8 Bcf less than what was estimated. The natural gas prompt month is trading at 2.90 and the crude oil contract is trading at \$58.30.

Natural gas pricing plays a key role in electricity power pricing due to the increasing reliance on natural gas fired generators as nuclear, coal, and oil generation is retired and mothballed. As the marginal unit of generation, gas prices are directly correlated to power pricing (more so in some regions such as NYC vs. others such as parts of PJM). We keep an eye on natural gas market fundamentals in order to provide insights into forward power pricing for our clients. Gas production has grown and surpassed any speculation that production would not be able to keep up with demand due to LNG and Mexican exports.

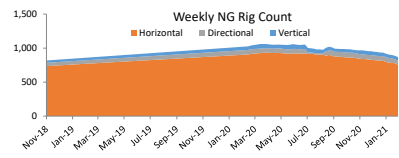


Natural Gas Storage Week Ending 2/5/2021	
Current Week Stocks (bcf)	2,518
Previous Week Stocks (bcf)	2,689
Implied Net Change (bcf)	-171
Expected Net Change (bcf)	-179
Variance (bcf)	8
Year-Ago Stocks (bcf)	2,527
Variance vs Prev. Year (%)	-0.4%
5-Year Average (bcf)	2,366
Variance vs 5-YR Avg (%)	6.4%

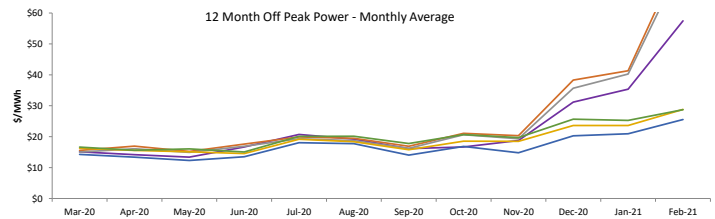
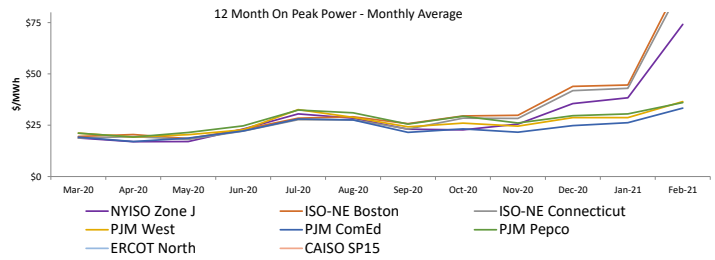


	\$/MMBtu	W-o-W Δ	Y-o-Y Δ
Prompt Month	\$2.206	-23.5%	15.9%
12-Month	\$2.997	-0.6%	37.6%
24-Month	\$2.831	-0.1%	24.5%
Cal 21	\$2.954	-0.6%	25.3%
Cal 22	\$2.724	0.2%	13.2%
Cal 23	\$2.718	1.6%	12.9%

Week Ending:	2/5/2021	W-o-W Δ
Oil Rigs	299	0.8%
Gas Rigs	92	2.6%
Vertical	52	0.0%
Horizontal	749	0.0%
Directional	54	0.0%



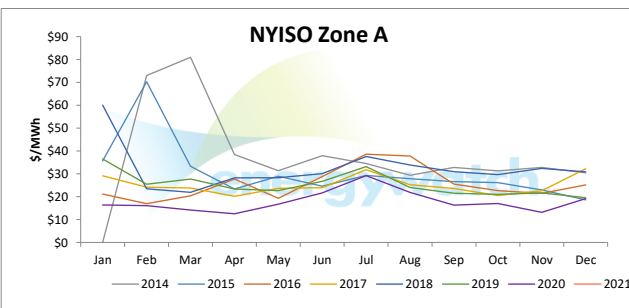
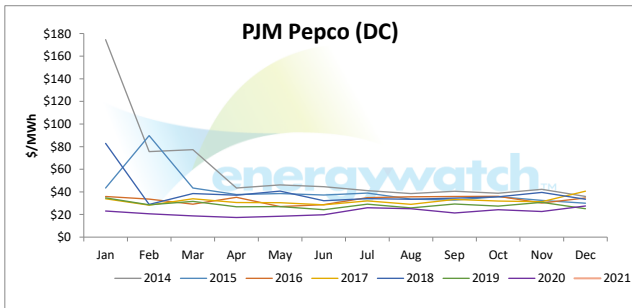
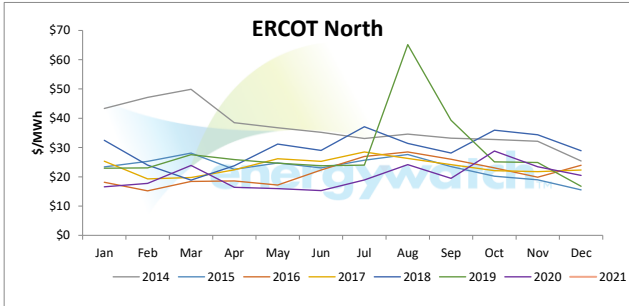
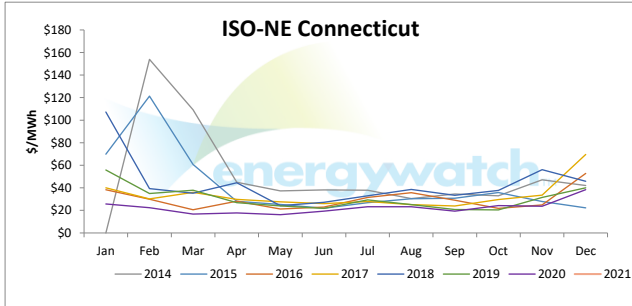
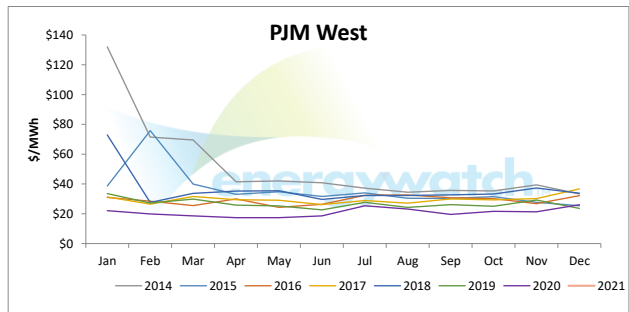
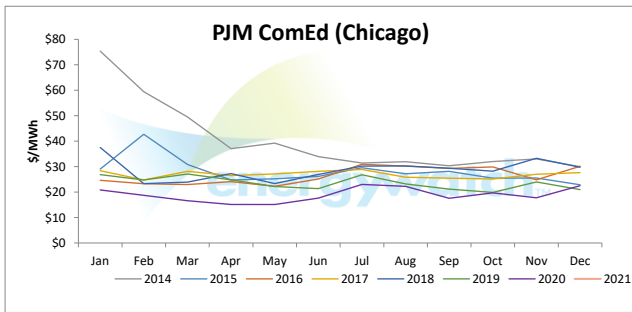
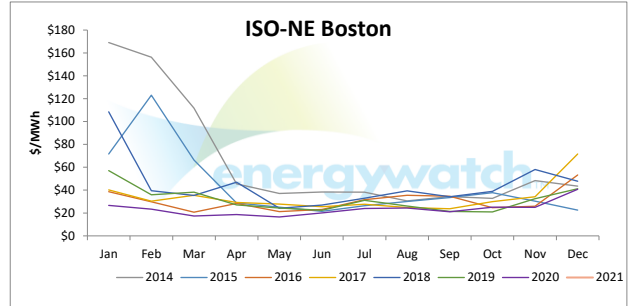
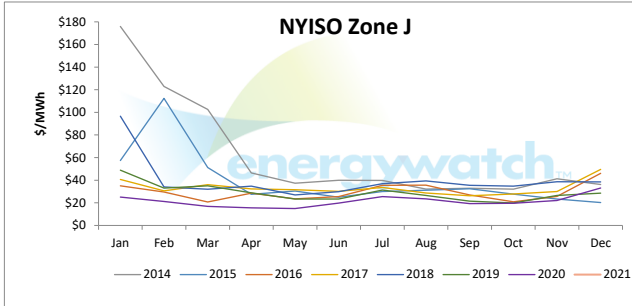
	Avg. Temp	Departure		CDD	HDD
		Past 10 Weeks	From Normal		
Boston	26		-5	0	39
Chicago	11		-15	0	54
Columbus	17		-13	0	48
Dallas	30		-19	0	35
Denver	21		-12	0	45
Detroit	12		-14	0	53
Hartford	22		0	0	43
Houston	54		-1	0	11
Indianapolis	21		-10	0	44
Las Vegas	59		7	0	6
Los Angeles	55		-2	0	10
Miami	77		7	12	0
Minneapolis	-1		-19	0	65
New York City	32		-3	0	33
Philadelphia	32		-3	0	33
Phoenix	65		6	0	0
Salt Lake City	46		14	0	19
San Diego	58		0	0	7
San Francisco	56		3	0	9
Seattle	36		-7	0	29
St. Louis	17		-18	0	48
Washington D.C.	36		0	0	29



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2014 - 2021 YTD Locational Marginal Pricing (LMPs)



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