

Market Commentary

Week of January 21, 2022

Natural gas loses ground with focus on the weather forecast.

Electric and Natural Gas Market Drivers

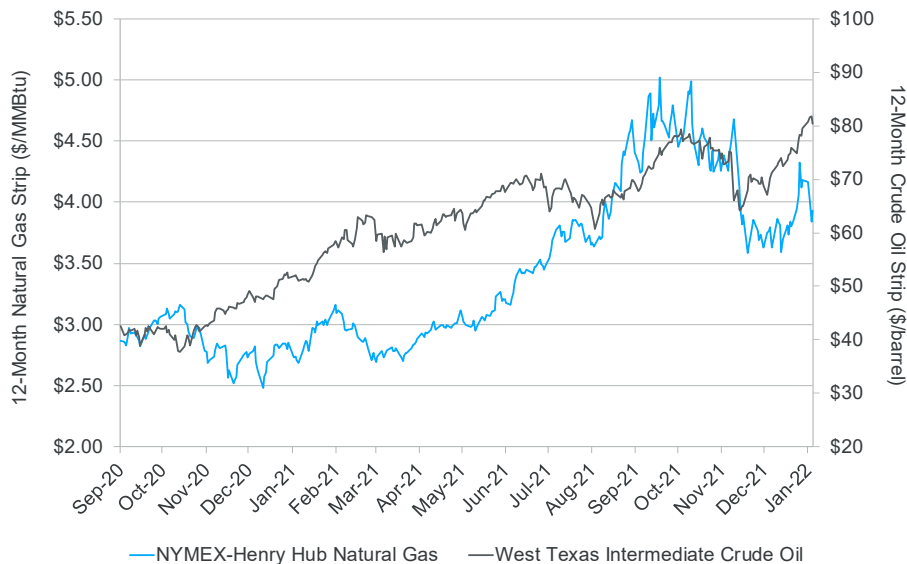
Bullish – Market influences driving prices higher:

- ▲ Weather Forecast
- ▲ Natural Gas Production
- ▲ Natural Gas Storage Report
- ▲ Crude Oil Market
- ▲ Geopolitics

Bearish – Market influences driving prices lower:

- ▼ U.S. Dollar
- ▼ Economics

Natural Gas & Crude Oil 12-Month Strip Prices



Monday 1/17

Markets were closed in observance of Martin Luther King, Jr. Day.

Tuesday 1/18

When trading resumed, the Feb-2022 NYMEX natural gas contract gained 2.1 cents to \$4.283 per MMBtu as weather forecasts were relatively unchanged from the weekend and continued to call for frigid temperatures in the East for the rest of the month. The Feb-2022 WTI crude oil contract jumped \$1.61 to \$85.43 per barrel on escalating tensions in the Middle East following an aerial attack in the United Arab Emirates by Yemen's Iran-backed Houthi rebels. Equity markets tumbled lower after several major financial institutions reported weaker-than-expected fourth quarter results due to higher compensation expenses.

Wednesday 1/19

Natural gas retreated 25.2 cents to \$4.031 even as the northern and eastern U.S. were entering the coldest stretch of winter so far, which would boost heating demand and create the potential for production freeze-offs. Crude oil climbed to a 7-year high after a fire on a pipeline from Iraq to Turkey reduced flows and added to concerns over available supply. The front-month contract settled \$1.53 higher at \$86.96. Equities were unable to erase early session losses even after the release of better-than-expected fourth quarter corporate earnings.

Thursday 1/20

Natural gas lost another 22.9 cents to close at \$3.802 even after the EIA revealed a higher-than-expected 206 Bcf withdrawal from storage, which narrowed the

surplus to the 5-year average to 33 Bcf. Losses in the gas market were attributed to a reduction in heating degree days in weather models, which tempered the demand outlook. The Feb-2022 WTI crude contract eased 6 cents lower to close and expire at \$86.90 after the EIA reported a 0.5-Million-barrel increase in oil inventories, a 5.9 Mb jump in gasoline stocks, and a 1.4 Mb decrease in distillates. Equity markets continued to trade in the red despite another round of better-than-expected fourth quarter corporate earnings.

Friday 1/21

Natural gas rebounded 19.7 to end the week at \$3.999 as weather models added some heating degree days back to the forecast and called for colder temperatures to linger into early February. The new prompt Mar-2022 WTI crude oil contract shed 41 cents to settle at \$85.14 as traders locked in profits even after the IEA said the oil market was looking tighter than previously thought. Equities posted their sixth consecutive day of losses as investors cut their appetites for risk following a disappointing growth outlook from a major tech company.

Looking Ahead

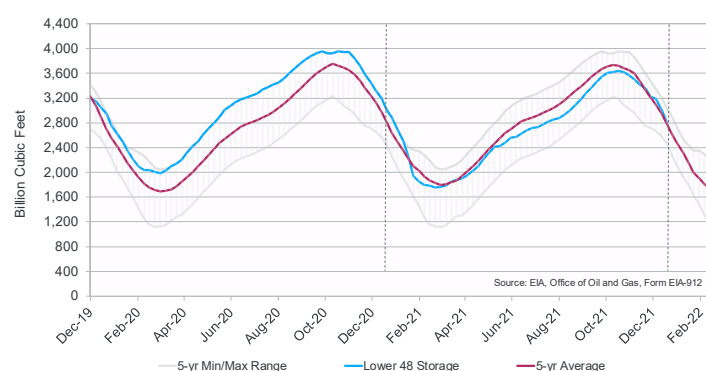
Natural gas prices will find continued support as long as cold weather is forecast for the major consuming regions.

Storage and Inventory

	Last Week Comparison					Historical Comparison			
	1/14/2022	1/7/2022	Change (incr/decr)			Same Period Last Year (1/14/2021)	Stocks over/ under Last Year	Same Period 5-Year Ave. (2017-2021)	Stocks over/ under 5-Yr Avg.
Natural Gas in Storage (Bcf)	2,810	3,016	-206.0	▼	-6.8%	3,036	-226.0	2,777	33.0
Crude Oil Inventories (mbpd)	413.8	413.3	0.5	▲	0.1%	486.6	-72.7	n/a	n/a

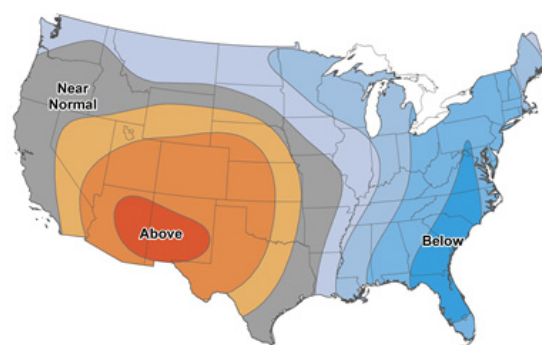
Working Gas in Underground Storage January 14, 2022

Note: The shaded area represents the range between the maximum and minimum values over the past 5 years. The blue line is the historic current level for the date on the x axis and the purple line is the 5-year average.



6-10 Day Weather Forecast January 23, 2022

The short-term weather forecast is calling for below-normal temperatures in the eastern third of the nation and along the northern border, with above-normal temperatures in the Central Plains and Mountain West.



Natural Gas

UNITED STATES		Current				Historical Comparison (US\$/MMBtu)		
NYMEX Contract:		1/21/2022	Last Week 1/14/2022	Last Month 12/21/2021	Last Year 1/21/2021			
Henry Hub Spot		\$4.110	▼ -14.02%	▲ 3.79%	▲ 65.06%			
Prompt Month: February 2022		\$3.999	▼ -6.17%	▲ 3.36%	▲ 60.54%			
12 Mth Strip (Feb22-Jan23)		\$3.933	▼ -5.95%	▲ 4.35%	▲ 45.13%			
Winter Strip (Feb22-Mar22)		\$3.891	▼ -6.74%	▲ 4.89%	▲ 55.99%			
Summer Strip (Apr22-Oct22)		\$3.849	▼ -6.08%	▲ 3.69%	▲ 44.02%			
Next Winter Strip (Nov22-Mar23)		\$4.090	▼ -4.82%	▲ 2.50%	▲ 39.59%			
Cal '23 (Jan23-Dec23)		\$3.472	▼ -1.96%	▲ 1.28%	▲ 37.04%			

CANADA *Pricing in Canadian Dollars.		Current				Historical Comparison *(CAD\$/GJ)		
AECO:		1/21/2022	Last Week 1/14/2022	Last Month 12/21/2021	Last Year 1/21/2021			
Spot Price		\$4.178	▼ -1.14%	▼ -0.73%	▲ 64.50%			
Prompt Month: February 2022		\$3.746	▲ 0.55%	▲ 14.73%	▲ 69.99%			
12 Mth Strip (Feb22-Jan23)		\$2.890	▼ -5.92%	▲ 6.95%	▲ 39.97%			

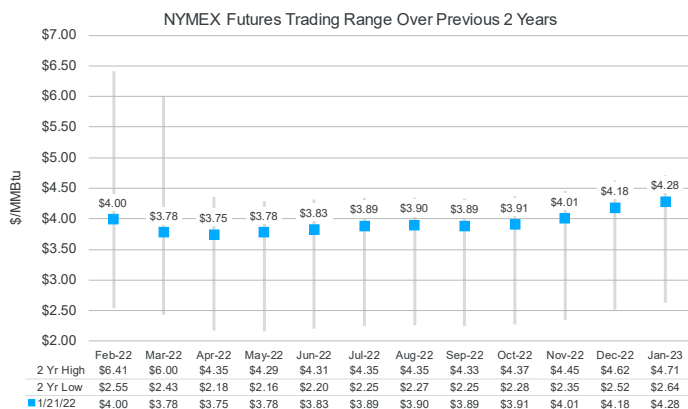
Electricity

UNITED STATES	Current	Historical Comparison (US\$/MWh)			
Wholesale Electricity Prices:	1/21/2022	Last Week 1/14/2022	Last Month 12/21/2021	Last Year 1/21/2021	
ERCOT (Hub Avg.) - ATC					
Monthly Real-Time Avg: January 2022	\$26.47	▼ -2.76%	▲ 5.26%	▲ 18.85%	
Prompt Month: February 2022	\$47.06	▼ -13.11%	▲ 1.46%	▲ 126.72%	
12 Mth Strip (Feb22-Jan23)	\$43.31	▼ -5.63%	▲ 3.36%	▲ 59.25%	
NY ISO (Zone J) - ATC					
Monthly Real-Time Avg: January 2022	\$129.42	▲ 17.27%	▲ 153.65%	▲ 346.96%	
Prompt Month: February 2022	\$97.47	▼ -11.27%	▼ -21.67%	▲ 182.85%	
12 Mth Strip (Feb22-Jan23)	\$58.01	▼ -7.28%	▼ -8.39%	▲ 86.11%	
PJM (Western Hub) - ATC					
Monthly Real-Time Avg: January 2022	\$63.39	▲ 20.28%	▲ 44.38%	▲ 158.84%	
Prompt Month: February 2022	\$57.95	▼ -13.24%	▼ -21.48%	▲ 119.34%	
12 Mth Strip (Feb22-Jan23)	\$46.27	▼ -5.15%	▼ -3.68%	▲ 70.95%	
ISO-NE (SE MASS) - ATC					
Monthly Real-Time Avg: January 2022	\$134.22	▲ 14.29%	▲ 117.80%	▲ 286.01%	
Prompt Month: February 2022	\$127.80	▼ -12.22%	▼ -47.28%	▲ 205.60%	
12 Mth Strip (Feb22-Jan23)	\$70.93	▼ -5.64%	▼ -21.69%	▲ 104.34%	
MISO (Indiana Hub) - ATC					
Monthly Real-Time Avg: January 2022	\$51.56	▲ 2.19%	▲ 12.56%	▲ 107.52%	
Prompt Month: February 2022	\$54.60	▼ -9.69%	▼ -28.24%	▲ 119.81%	
12 Mth Strip (Feb22-Jan23)	\$46.50	▼ -4.60%	▼ -5.88%	▲ 70.91%	
PG&E (NP15 West) - ATC					
Monthly Real-Time Avg: January 2022	\$45.57	▼ -4.60%	▼ -15.95%	▲ 55.59%	
Prompt Month: February 2022	\$54.60	▼ -11.54%	▼ -29.62%	▲ 61.92%	
12 Mth Strip (Feb22-Jan23)	\$58.86	▼ -4.45%	▼ -9.61%	▲ 47.58%	
CANADA *Pricing in Canadian Dollars.	Current	Historical Comparison *(CAD\$/MWh)			
Wholesale Electricity Prices:	1/21/2022	Last Week 1/14/2022	Last Month 12/21/2021	Last Year 1/21/2021	
AESO (Ave.) - ATC					
Rolling 30-Day Average	\$135.61	▼ -1.65%	▲ 48.79%	▲ 208.22%	
IESO (Ave.) - ATC					
Rolling 30-Day Average HOEP	\$37.18	▲ 16.26%	▼ -2.93%	▲ 166.13%	

Trend Analysis

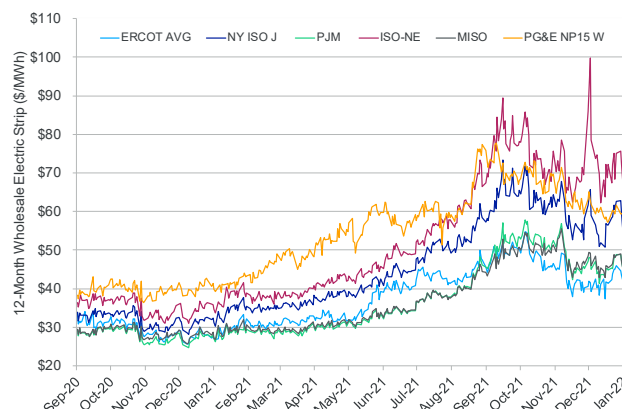
NYMEX Futures Trading Range

This graph represents the futures trading range of each NYMEX natural gas contract over the past two years. The high and the low for each month have been provided below, along with the current forward prices as of the market close on Jan. 21, 2022.



Electric ATC 12 Month Rolling Strips

This graph shows the historic trading range of the electric around-the-clock (ATC) 12-month rolling strip by Independent System Operator (ISO) region as of the market close on Jan. 21, 2022.



12-Month Rolling Strip

This chart presents the correlation between NYMEX natural gas and electricity's 12-month rolling forward pricing over the past two years.

12-Month Rolling Strip	ERCOT HZ	NY ISO J	PJM	ISO-NE	MISO	PG&E NP15
NYMEX Correlation	92.3%	96.3%	95.1%	94.2%	95.2%	93.5%

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