

Early Morning Update

The Sep '21 natural gas contract is trading up \$0.03 at \$3.96. The Sep '21 crude oil contract is down \$1.96 at \$69.30.

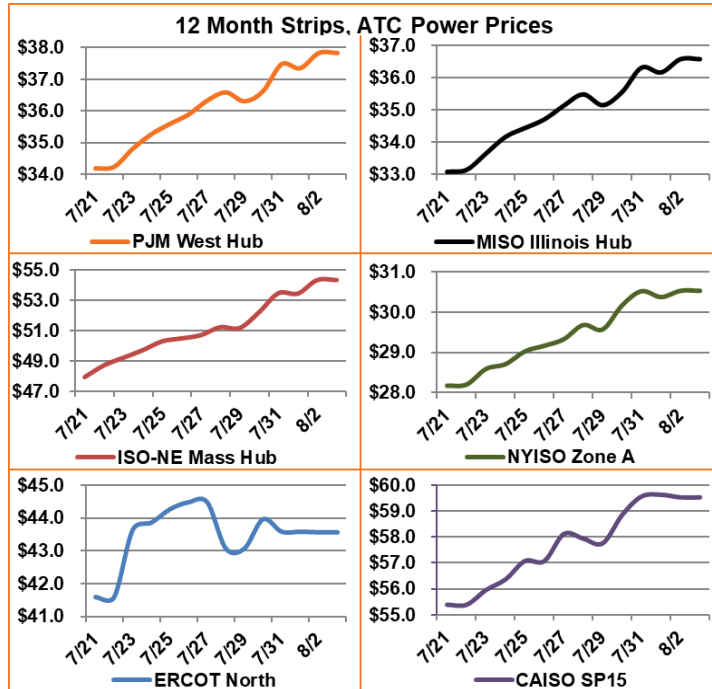
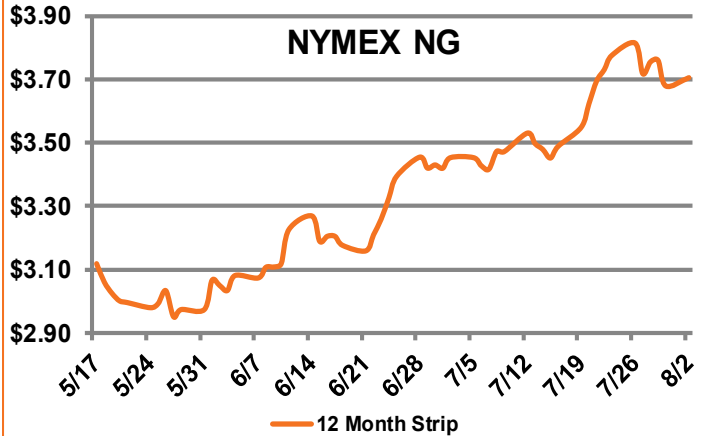
Summary: There has been continued volatility in the natural gas market, as all strips have moved up once again, but current prices for the new prompt month are trading just below the \$4.00/MMBtu line after settling at \$3.935/MMBtu yesterday. Interestingly, the 2023 calendar strip is starting to separate from '24 and '25 and move upwards as that term period approaches. While prices for 2023-2025 had been staying within a range of four cents per MMBtu of each other, current prices have 2023 about \$0.20/MMBtu above 2024 and \$0.24/MMBtu above 2025. This effectively means that 2023 is showing more volatility as the remaining trading time decreases. Currently, the market demand is going to be affected by where weather goes in the short term, and weather currently appears to be fairly normal or cool for the season. As a result, power burn has also decreased by nearly 5.0 Bcf/d over the last week to just 38.2 Bcf/d for the start of the new month. With little change to temperatures over the next week, it is unlikely to shift too much until climate changes and increases forecasted demand to around 43 Bcf/d. The current supply-demand balance has allowed for a potentially larger storage injection than normal to be reported this week.

Bullish Factors

- Post-pandemic demand growth
- Less-than-average storage injections
- High exports to Mexico

Bearish Factors

- Stable production
- Year-to-date power burn below 2020
- Average temps outside of the West



Next Day On-Peak Power (traded for 8/3/2021)

ISO-NE Mass Hub \$37.55	MISO Indiana Hub \$40.83	NYISO Zone G \$38.72
PJM West Hub \$39.55	ERCOT North \$41.75	CAISO SP15 \$99.71

NYMEX NG	Close	Change
Sep-21	3.935	0.021
Oct-21	3.938	0.018
12-Month	3.704	0.026
Cal 22	3.493	0.032
Cal 23	3.013	0.047

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,714	2,678	3,237	2,882
Diff v. Current		36	-523	-168
% Diff			-16.2%	-5.8%

