

**Early Morning Update**

The Sep '21 natural gas contract is trading up \$0.08 at \$4.11. The Sep '21 crude oil contract is down \$1.36 at \$69.20.

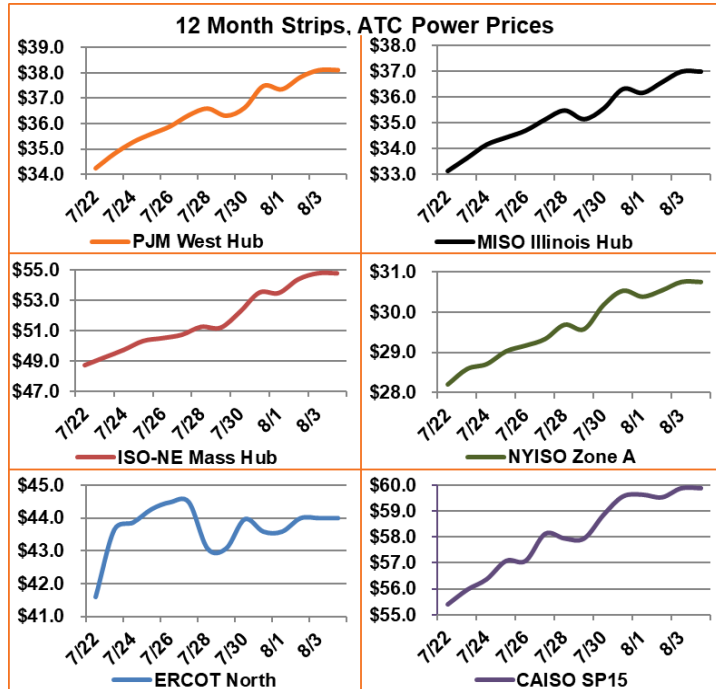
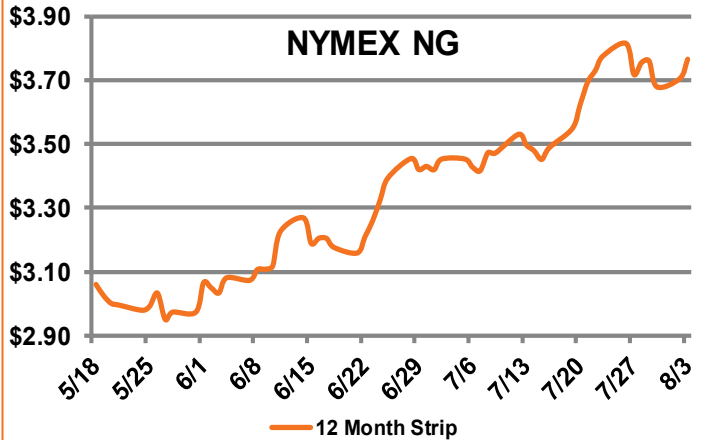
**Summary:** Up, up, and away! The market continues to surge, and with weather forecasts warming toward the middle of August, it's hard to say when we may see some relief. Yesterday, the NYMEX natural gas futures price for September climbed 9.2 cents on the day to settle at \$4.027/MMBtu. This morning, the rally continues with the prompt month up almost a dime. U.S. dry production remains just under 91.0 Bcf/d, below pre-pandemic levels at a time of bolstered demand. With pricing holding around \$4, the market is hopeful that production reacts to higher pricing, or that could spell more trouble as we head into winter. The deficit to the five-year average storage benchmark continues to hold at 176 Bcf. The U.S. Energy Information Administration is expected to report an injection of about 23 Bcf tomorrow for the week ending July 30, once again, less than the five-year average benchmark of 30 Bcf. LNG exports fell slightly at just under 10.5 Bcf/d, but exports to Mexico continue to climb at just over 7.0 Bcf/d. Some good news for the Northeast markets is that TETCO increased flows over the weekend on the pipeline following an announcement that the PHMSA-induced curtailment would be fully lifted on August 4th.

**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 8/4/2021)**

ISO-NE Mass Hub \$39.08	MISO Indiana Hub \$42.50	NYISO Zone G \$39.99
PJM West Hub \$41.87	ERCOT North \$47.00	CAISO SP15 \$98.63

NYMEX NG	Close	Change
Sep-21	4.027	0.092
Oct-21	4.032	0.094
12-Month	3.764	0.060
Cal 22	3.528	0.035
Cal 23	3.023	0.010

**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%

