

Early Morning Update

The Sep '21 natural gas contract is trading up \$0.02 at \$4.18. The Sep '21 crude oil contract is up \$0.35 at \$68.50.

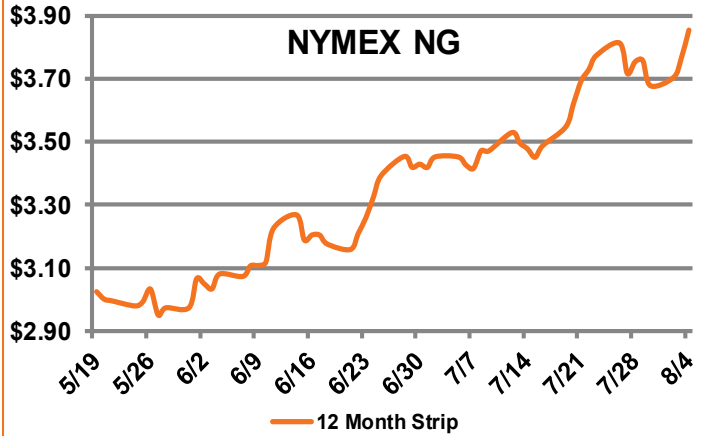
Summary: Weather forecasts have warmed up a bit in the South for the remainder of the week, with below-normal temperatures out of the pictures for most areas and a return to normal temperatures on tap. Forecasts are holding for a broad warming pattern over the central U.S. and upper East Coast by next week, which may bump up power burn demand. Natural gas production grew nearly 1.0 Bcf/d, driven by Texas and the Northeast, but that increase was mostly offset by reduced Canadian imports to the tune of 600MMcf/d. As the market grapples with this tight supply/demand balance and lackluster storage levels, the prompt month rallied yesterday and settled at a new high of \$4.158/MMBtu, up 13 cents from the previous trading day. Oct '21 through Jan '22 all moved up 13 cents each, also, and the 12-month strip as a whole jumped up nine cents. That upward movement trickled out into Cal '22, as well, but future strips beyond '22 only crept up a penny or so. Market participants are expecting an injection of around 13 Bcf to be reported later on this morning in the weekly storage report released by the U.S. Energy Information Administration for the week ending July 30. If that actualizes, our deficit to the 5-year average would end up growing larger, which may add more price support to those near-term months.

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



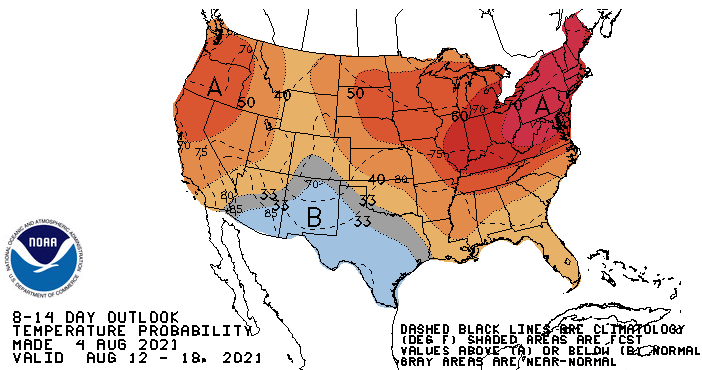
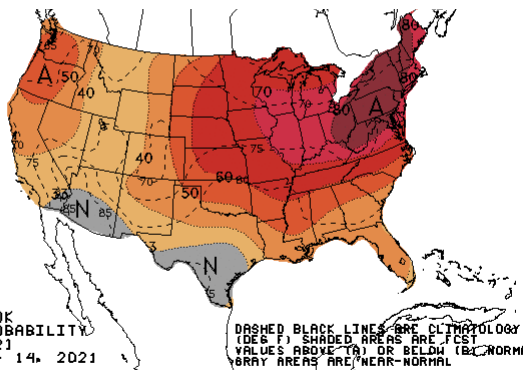
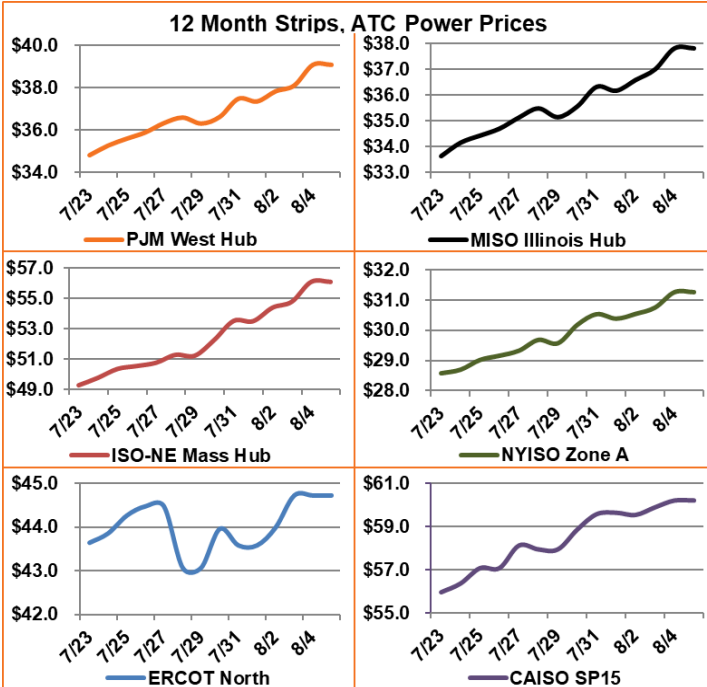
Next Day On-Peak Power (traded for 8/5/2021)

ISO-NE Mass Hub \$42.27	MISO Indiana Hub \$46.25	NYISO Zone G \$42.50
PJM West Hub \$46.05	ERCOT North \$52.00	CAISO SP15 \$80.33

NYMEX NG	Close	Change
Sep-21	4.158	0.131
Oct-21	4.163	0.131
12-Month	3.854	0.090
Cal 22	3.587	0.060
Cal 23	3.035	0.012

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%



90% 80% 70% 60% 50% 40% 33% 33% 40% 50% 60% 70% 80% 90%