

Early Morning Update

The Aug '21 natural gas contract is trading up \$0.08 at \$3.73. The Aug '21 crude oil contract is up \$1.98 at \$75.45.

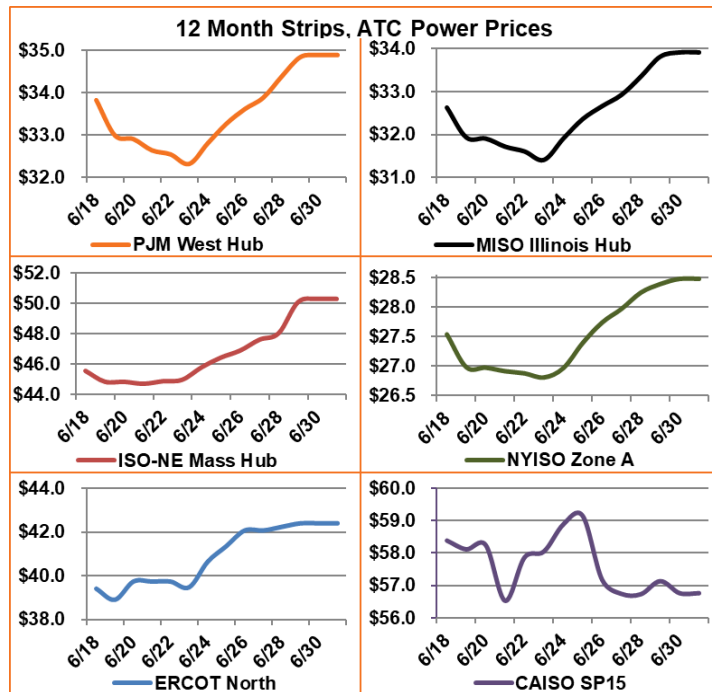
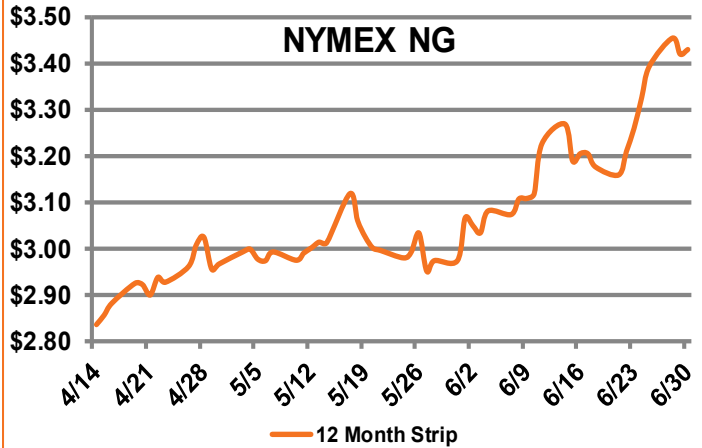
Summary: Wednesday's trading session marked the sixth day in a row of steady gains in the short-term natural gas market. While the twelve-month strip settled about \$0.010/MMBtu higher day-over-day, most monthly contracts traded within very wide ranges. The August contract sprinted out of the gate early yesterday morning, rallying over \$0.10/MMBtu to \$3.756/MMBtu, before retreating to \$3.604/MMBtu within a few hours. August prices then climbed to \$3.814/MMBtu after the announcement of an event at a processing facility upstream of the TCO pipeline, impacting 2.0 Bcf of supply headed to the Northeast. The prompt month eventually retreated and gained again, finishing the day just \$0.02/MMBtu higher day-over-day at \$3.650/MMBtu. Today's outlook for intraday volatility likely hinges upon the upcoming storage report. The injection range from the Bloomberg poll measured between 59 and 75 Bcf. An injection towards the upper-end of this range would be roughly in-line with the 65 Bcf five-year-average injection, which may help cap volatility to the upside.

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
- Cooler temps in the South



Next Day On-Peak Power (traded for 7/1/2021)

ISO-NE Mass Hub \$58.60	MISO Indiana Hub \$41.84	NYISO Zone G \$51.50
PJM West Hub \$41.48	ERCOT North \$45.28	CAISO SP15 \$47.33
NYMEX NG	Close	Change
Jul-21	3.650	0.020
Aug-21	3.624	0.018
12-Month	3.429	0.010
Cal 22	3.169	0.006
Cal 23	2.814	0.001

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,427	2,411	2,880	2,553
Diff v. Current		16	-453	-126
% Diff			-15.7%	-4.9%

