

Early Morning Update

The Aug '21 natural gas contract is trading down \$0.02 at \$3.64. The Aug '21 crude oil contract is down \$0.20 at \$75.03.

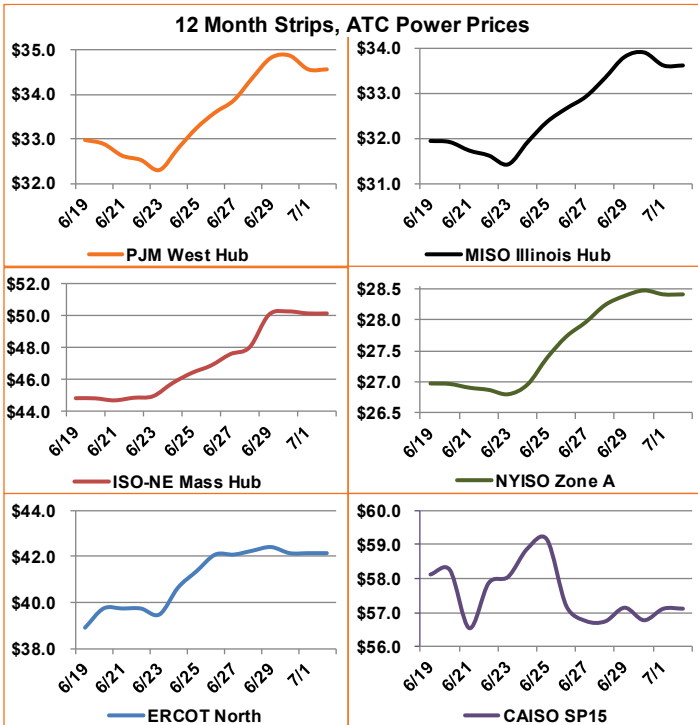
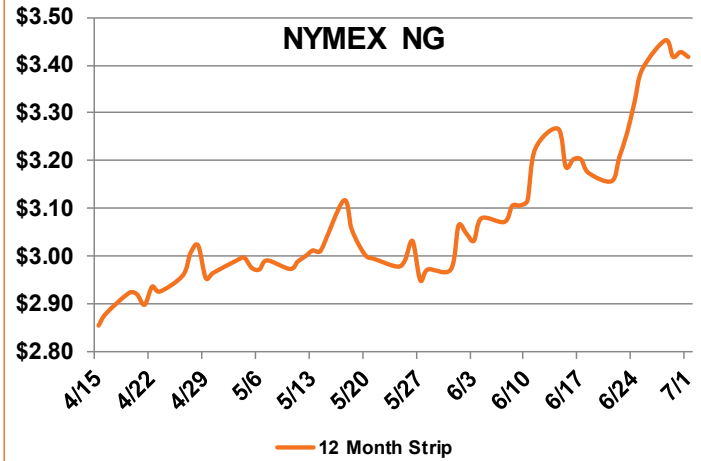
Summary: The market for NYMEX natural gas had a volatile Thursday as it opened with a continuation of the bullish trend, but was promptly knocked back and forth with the added information from the EIA storage report. At its highest, the August prompt month contract reached \$0.08/MMBtu in the positive, but fell down to a negative \$0.035/MMBtu directly following the 10:30 EST report. However, continued bullish pressure, exacerbated by total US Supply falling the last two days triumphed over the very bearish 76Bcf injection report (69Bcf forecast). The US supply has been impacted by a couple new factors, including a reduction in Canadian imports due to their own heatwave while dry production fell in the US down to 85.6Bcf/d. Regarding the US production, a major reason for this decline was due to TCO pipeline in the northeast seeing its own drop in production by over 2Bcf/d, which will last an "unknown amount of time."

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 7/2/2021)

ISO-NE Mass Hub \$35.00	MISO Indiana Hub \$36.25	NYISO Zone G \$35.78
PJM West Hub \$30.13	ERCOT North \$44.30	CAISO SP15 \$43.33
NYMEX NG	Close	Change
Jul-21	3.661	0.011
Aug-21	3.632	0.008
12-Month	3.419	-0.010
Cal 22	3.139	-0.030
Cal 23	2.786	-0.027

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,558	2,482	3,068	2,701
Diff v. Current		76	-510	-143
% Diff			-16.6%	-5.3%

