

Early Morning Update

The Aug '21 natural gas contract is trading flat at \$3.64. The Aug '21 crude oil contract is up \$0.48 at \$73.85.

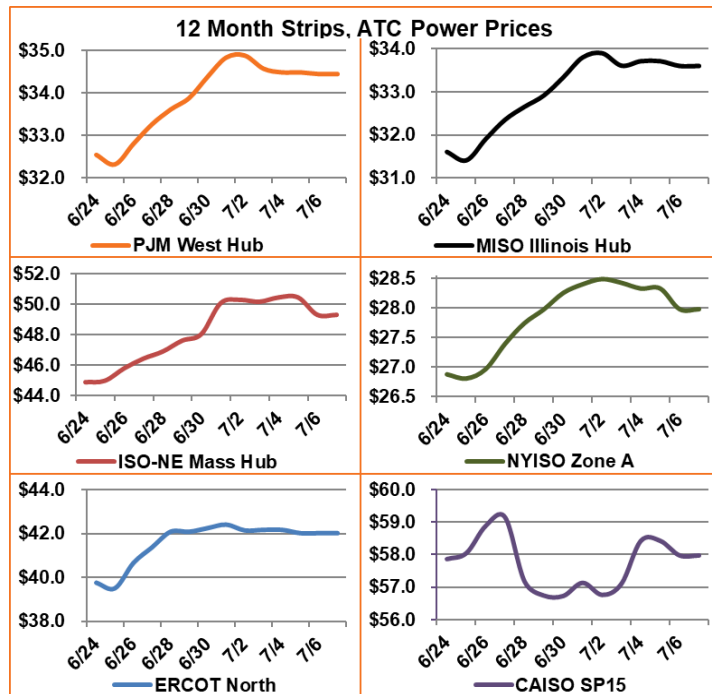
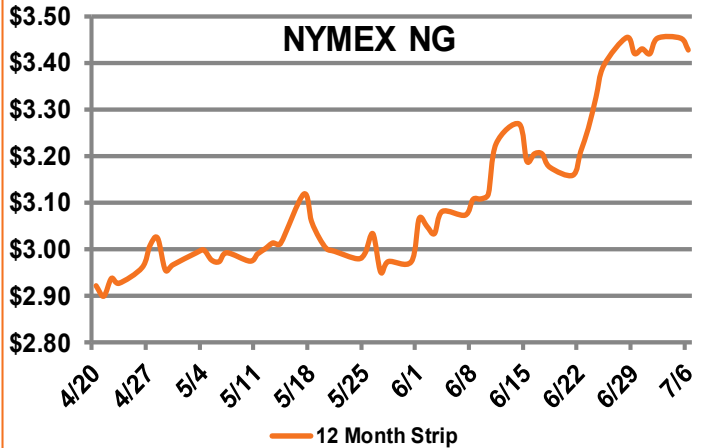
Summary: For the first time in quite a while, the prompt month for natural gas futures saw some downward movement, which could have been in reaction to the slightly higher production and the expectation for rain and cooler temperatures later this week. After dipping down below 88 Bcf/d last week, U.S. dry production rallied up above 91 Bcf/d once again. The issue from late last week at the processing facility upstream of the TCO pipeline was resolved, and flows are returning to normal, back up about 2.0 Bcf/d in the Northeast. LNG exports remain high, just under 11.0 Bcf/d, with a few lingering maintenance activities scheduled. Asian LNG prices continue to feel upward pressure, reaching up over \$11 and making U.S. gas more economic to continue to export at these high price levels. Yesterday, the NYMEX natural gas futures price for August fell 6.3 cents on the day to settle at \$3.637/MMBtu. Injections continue to disappoint, and this week is expected to be more of the same following last week's heat. The EIA is expected to report an injection of around 29 Bcf, significantly below the five-year average of 63 Bcf, once again widening the deficit to that storage benchmark.

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 7/7/2021)

ISO-NE Mass Hub \$52.33	MISO Indiana Hub \$50.00	NYISO Zone G \$61.04
PJM West Hub \$56.38	ERCOT North \$35.00	CAISO SP15 \$56.70
NYMEX NG	Close	Change
Jul-21	3.637	-0.063
Aug-21	3.608	-0.060
12-Month	3.427	-0.025
Cal 22	3.170	0.005
Cal 23	2.790	0.009

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%

