

Early Morning Update

The Aug '21 natural gas contract is trading down \$0.01 at \$3.59. The Aug '21 crude oil contract is down \$0.20 at \$72.00.

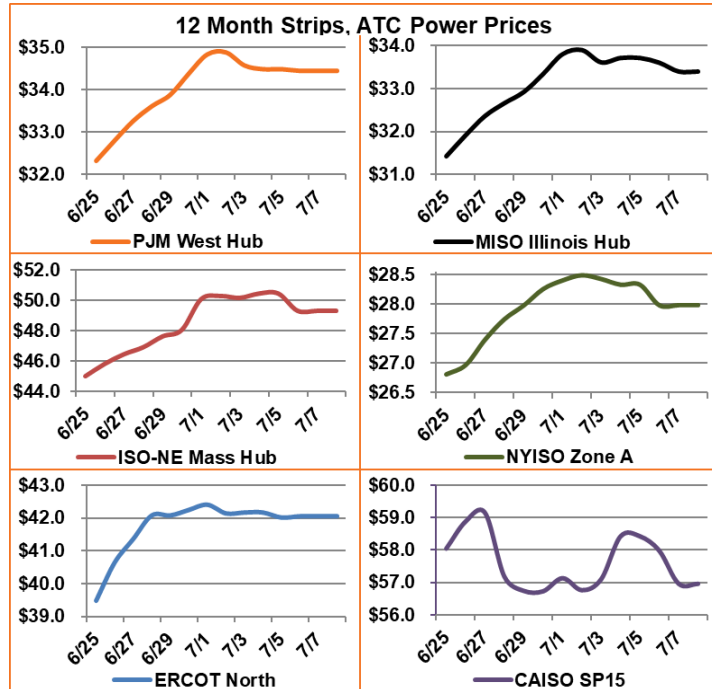
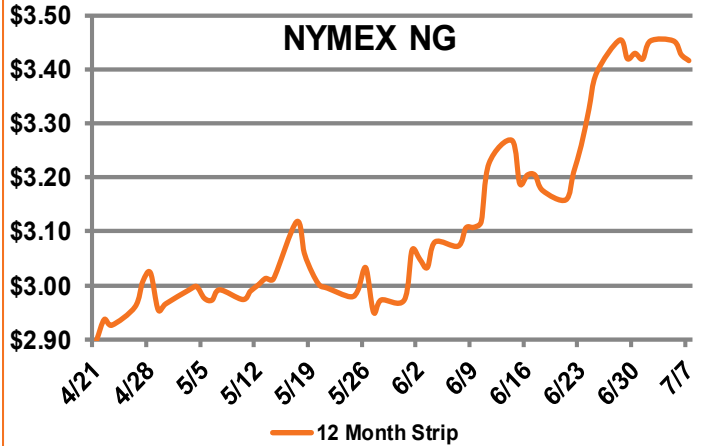
Summary: The Aug '21 natural gas contract experienced another consecutive day of losses, settling down four cents at \$3.596. While end users welcome the relief, the prompt month continues to hover at levels we haven't seen since Jan '19. Near-term pricing is retaining its overall strength, with all months through Apr '22 above the \$3 mark. While priced at the higher end of their historical ranges, all near-term months through Feb '22 did weaken slightly, between one and three cents each. The downward movement ended further out on the curve, with calendar strips through 2025 moving a penny or less day-over-day. Power burn estimates have weakened by roughly 3.0 Bcf due to cooler temperatures, which may be helping the slight price decline in the prompt month. Tropical storm Elsa will be navigating her way up the East Coast today, expected to move into Virginia this evening and track into southern New England early on Friday. Showers and thunderstorms are to be expected as Elsa makes her way up north. Market participants are expecting to see a low storage injection to be reported today, somewhere in the neighborhood of 27 Bcf. If this actualizes, it'd be 36 Bcf lower than the 5-year average, thus widening the gap to historical storage levels.

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 7/8/2021)

ISO-NE Mass Hub \$38.57	MISO Indiana Hub \$38.96	NYISO Zone G \$43.47
PJM West Hub \$37.61	ERCOT North \$40.41	CAISO SP15 \$76.11
NYMEX NG	Close	Change
Jul-21	3.596	-0.041
Aug-21	3.574	-0.034
12-Month	3.416	-0.011
Cal 22	3.173	0.003
Cal 23	2.801	0.010

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%

