

**Early Morning Update**

The Aug '21 natural gas contract is trading up \$0.04 at \$3.73. The Aug '21 crude oil contract is up \$0.76 at \$73.70.

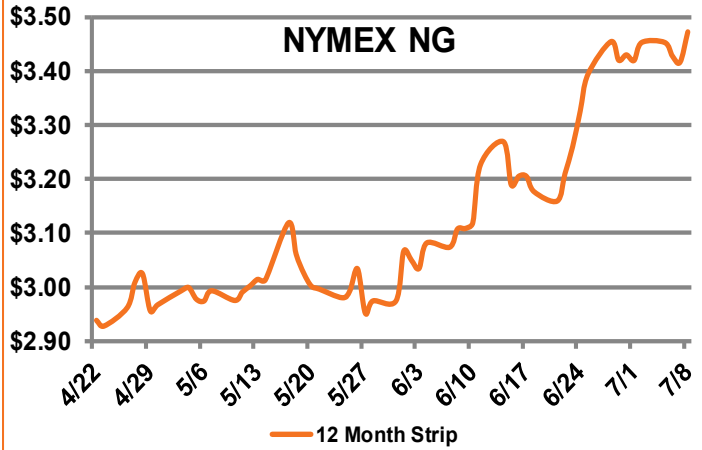
**Summary:** Following the EIA's storage report, Thursday's trades for the NYMEX Henry Hub prompt month put an end to the two consecutive days of losses. The forecast injection was already predicted at a dismal 26 Bcf, but actualized at 16 Bcf. To put this in perspective, last year saw a 57 Bcf build for the same week, while the 5-year average injection is 63 Bcf. As a result, the morning, which hit lows around -\$0.02/MMBtu from the previous day's settle, jumped up to +\$0.10/MMBtu at its high. However, the market did rescind some of the gains back to +\$0.092/MMBtu by the close of the market. Through this time, market fundamentals have changed very little. Production has retained its spot in the range between 90-92 Bcf/d, while exports, power burn, and industrial demand contribute to a continued all-time high record of total demand. The same story for storage holds true while the market is stretched thin. Continued high demand paired with low production means storage is shaping up to land at relatively low levels compared to historical averages. This scenario is one of the factors leading to both natural gas and most regional energy price spikes for the upcoming winter strip.

**Bullish Factors**

- Post-pandemic demand growth
- Less-than-average storage injections
- High exports to Mexico

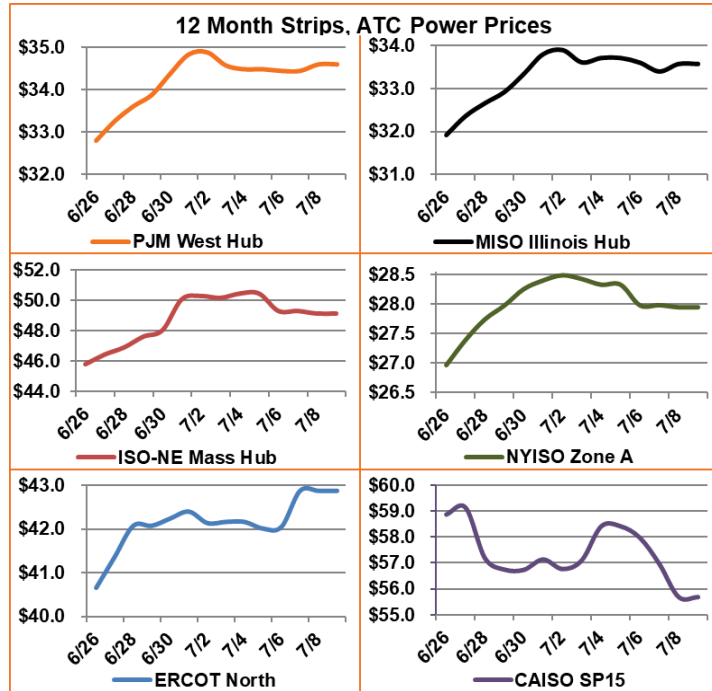
**Bearish Factors**

- Stable production
- Year-to-date power burn below 2020
- Cooler temps in the South



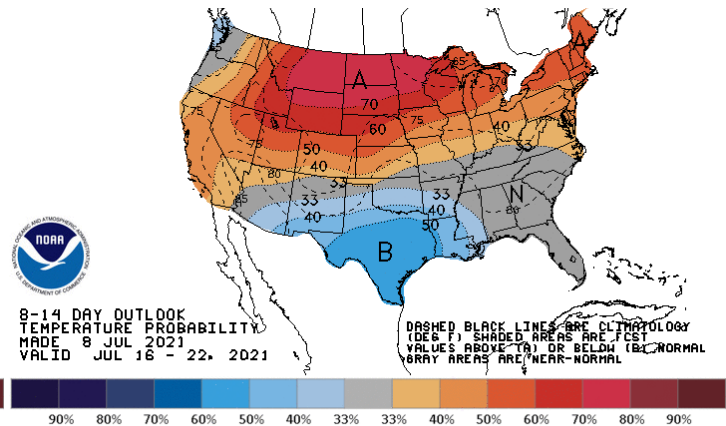
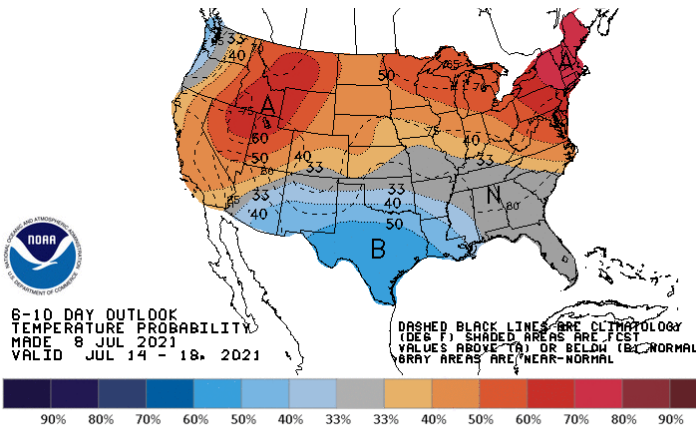
**Next Day On-Peak Power (traded for 7/9/2021)**

ISO-NE Mass Hub \$38.73	MISO Indiana Hub \$35.10	NYISO Zone G \$41.02
PJM West Hub \$37.24	ERCOT North \$37.27	CAISO SP15 \$92.82
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Jul-21	3.688	0.092
Aug-21	3.667	0.093
12-Month	3.472	0.056
Cal 22	3.192	0.019
Cal 23	2.796	-0.005



**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
<b>Total</b>	2,574	2,558	3,125	2,764
<b>Diff v. Current</b>		16	-551	-190
<b>% Diff</b>			-17.6%	-6.9%



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

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