

**Early Morning Update**

The Aug '21 natural gas contract is trading down \$0.05 at \$3.70. The Aug '21 crude oil contract is down \$0.30 at \$73.80.

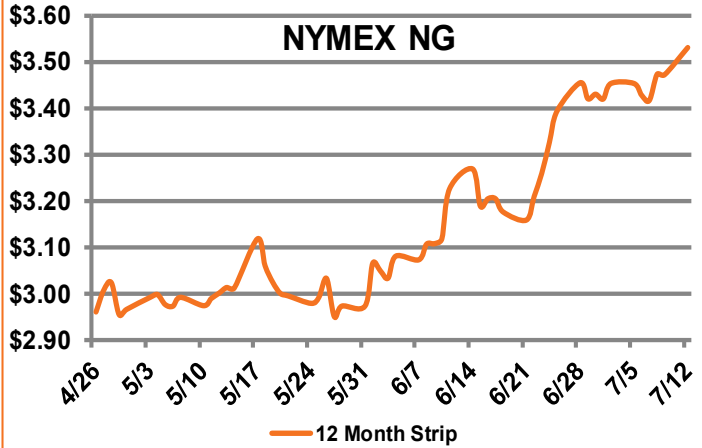
**Summary:** The NYMEX natural gas market has seen a continuation of its bullish trend, pushing the market higher in each monthly contract from the prompt month through the 2024 calendar strip. Primarily fueled by a larger spread between supply and demand compared to other years, a major contributing factor is disciplined producers refraining from increasing capital expenditures and, thus, production. Though there was a brief drop in production late last week, average production levels have kept within 90-92 Bcf/d. Concern for producers is primarily around the backwardation that that sector of business is facing. Prices further out on the curve fall off from near-term highs, reducing the return on investment that a producer could take. After having been impacted by very low prices for the last couple years, many publicly traded natural gas-producing companies are remaining disciplined and withholding investment in order to create higher returns for their shareholders. Some reports have even claimed that the average producer is looking for prices around \$3.82/MMBtu in some regions for them to up production once again. As a result, the market has observed increased long positions from NYMEX speculators in expectations of even higher pricing.

**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 7/13/2021)**

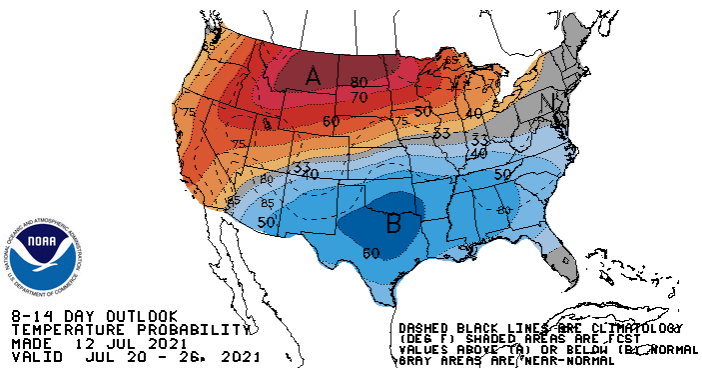
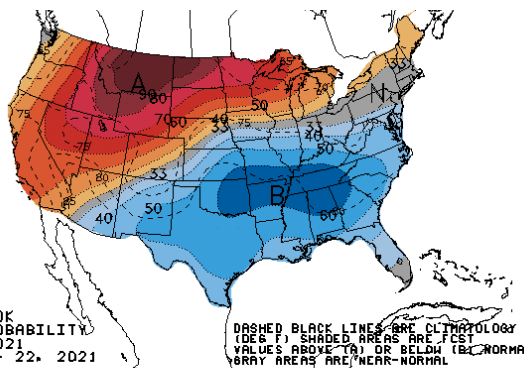
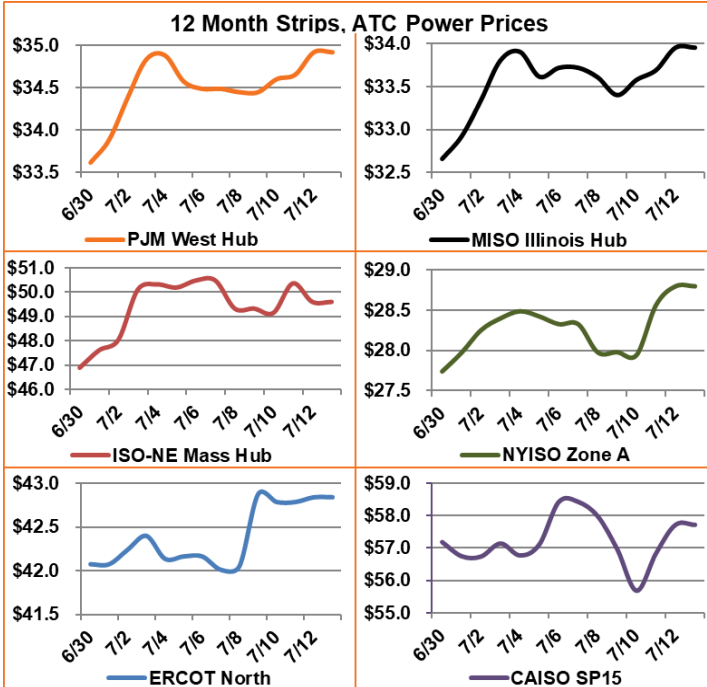
ISO-NE Mass Hub \$38.76	MISO Indiana Hub \$44.50	NYISO Zone G \$44.61
PJM West Hub \$45.77	ERCOT North \$37.25	CAISO SP15 \$122.82

**NYMEX NG**

	Close	Change
Jul-21	3.749	0.075
Aug-21	3.732	0.075
12-Month	3.529	0.058
Cal 22	3.238	0.040
Cal 23	2.823	0.017

**EIA Natural Gas Storage**

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



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

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