

Early Morning Update

The Aug '21 natural gas contract is trading down \$0.03 at \$3.63. The Aug '21 crude oil contract is down \$1.13 at \$72.00.

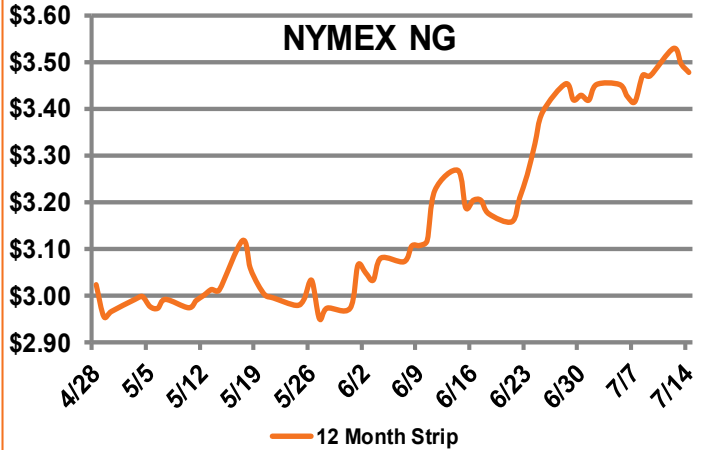
Summary: The weeks-long natural gas rally that stalled on Tuesday lost a bit more steam during yesterday's trading session. Weather outlooks lacking significant cooling demand are the most likely drivers behind yesterday's slip in the short-term market. After falling \$0.053/MMBtu on Tuesday, the August contract lost another \$0.036/MMBtu and settled at \$3.660/MMBtu, as day-over-day forecasted highs in the Northeast and Midwest were trimmed by a few degrees. The September contract performed similarly, losing \$0.034/MMBtu and settling at \$3.648/MMBtu. Forward winter and calendar strips also weakened slightly, potentially responding to expectations of a healthy U.S. Energy Information Administration storage report for the week ending July 9th. According to Natural Gas Intel, the injection ranges of both the Bloomberg and Reuters analyst polls peak near the 54 Bcf five-year average. Following last week's disappointing 16 Bcf injection that sparked a \$0.090/MMBtu prompt rally, a build near historical levels may have a reverse and bearish effect on prices. The current storage level sits at 2,574 Bcf, a deficit of 190 Bcf to last year and 551 Bcf to the five-year average. The current end-of-season projection is 3,630 Bcf.

Bullish Factors

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

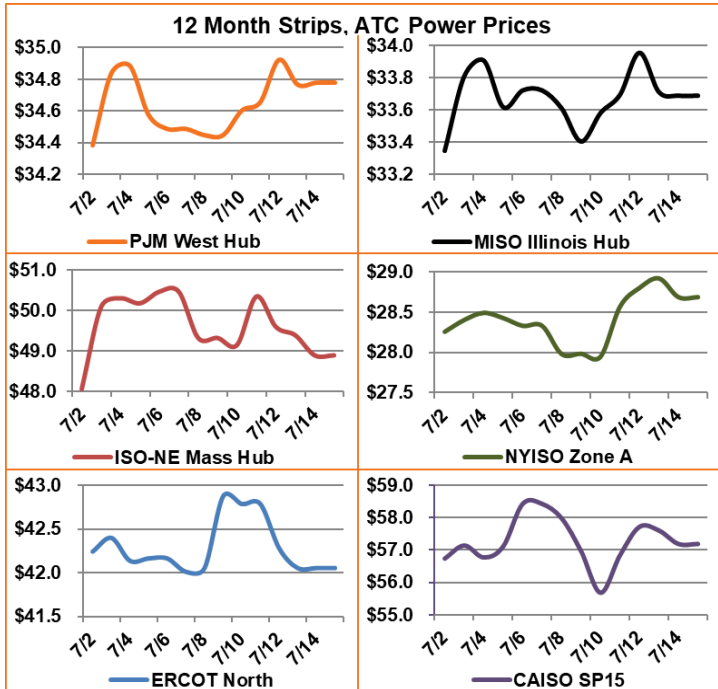
Bearish Factors

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



Next Day On-Peak Power (traded for 7/15/2021)

ISO-NE Mass Hub \$53.16	MISO Indiana Hub \$45.50	NYISO Zone G \$50.29
PJM West Hub \$49.63	ERCOT North \$36.00	CAISO SP15 \$60.60
NYMEX NG	Close	Change
Jul-21	3.660	-0.036
Aug-21	3.648	-0.034
12-Month	3.478	-0.018
Cal 22	3.209	-0.007
Cal 23	2.811	-0.007



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%

