

**Early Morning Update**

The Aug '21 natural gas contract is trading up \$0.07 at \$3.74. The Aug '21 crude oil contract is down \$3.01 at \$68.80.

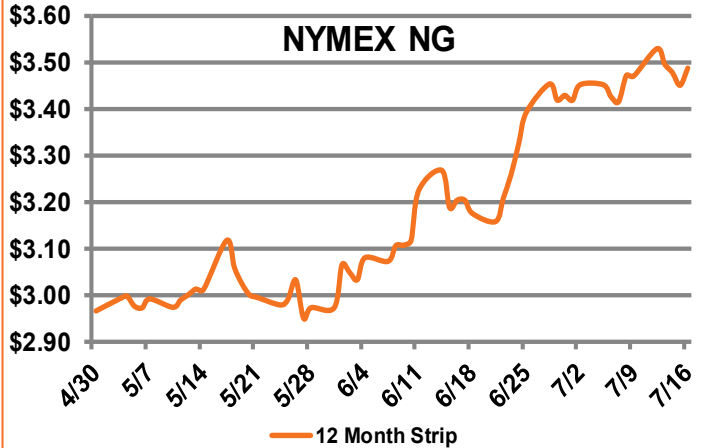
**Summary:** Despite bearish storage news from the U.S. Energy Information Administration on Thursday and milder near-term weather outlooks last week, the natural gas prompt month gained another six cents on Friday, closing the week at \$3.674/MMBtu, the exact same level at which the week opened. All calendar strips from 2022 to 2033 were up slightly on Friday, as well. Dry natural gas production had slipped a bit midweek, but was back up on Friday and has maintained a 90.7 Bcf/d pace through this past weekend. Total supply has remained flat, while total demand fell over the weekend and is expected to continue to weaken this week. Most of the declines are due to softening power burns, which are projected to average 38.1 Bcf/d this week, down from 39.5 Bcf/d last week. The Northeast is expected to drop 1.0 Bcf/d this week, while Southeast power burns are anticipated to be about 0.5 Bcf/d lower this week. After peaking at 11.1 Bcf/d last Wednesday, LNG export have, again, dipped to 10.5 Bcf/d, while natural gas exports to Mexico had drifted down 0.5 Bcf/d throughout the week. Weather outlooks this morning show the warmer-than-normal temperatures in the West sticking around through the first week of August, while the rest of the country is at normal temperatures.

**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
- Average temps outside of the West



**Next Day On-Peak Power (traded for 7/19/2021)**

|                            |                             |                         |
|----------------------------|-----------------------------|-------------------------|
| ISO-NE Mass Hub<br>\$39.96 | MISO Indiana Hub<br>\$43.50 | NYISO Zone G<br>\$45.83 |
| PJM West Hub<br>\$46.09    | ERCOT North<br>\$65.00      | CAISO SP15<br>\$84.93   |

| NYMEX NG | Close | Change |
|----------|-------|--------|
| Aug-21   | 3.674 | 0.060  |
| Sep-21   | 3.658 | 0.057  |
| 12-Month | 3.488 | 0.037  |
| Cal 22   | 3.218 | 0.018  |
| Cal 23   | 2.809 | 0.002  |

**EIA Natural Gas Storage**

| EIA Reported Storage (Bcf) | This Week | Last Week | Last Year | 5-Year Avg. |
|----------------------------|-----------|-----------|-----------|-------------|
| Total                      | 2,629     | 2,574     | 3,172     | 2,818       |
| Diff v. Current            |           | 55        | -543      | -189        |
| % Diff                     |           |           | -17.1%    | -6.7%       |

