

Early Morning Update

The Aug '21 natural gas contract is trading up \$0.04 at \$3.82. The Aug '21 crude oil contract is down \$0.12 at \$66.30.

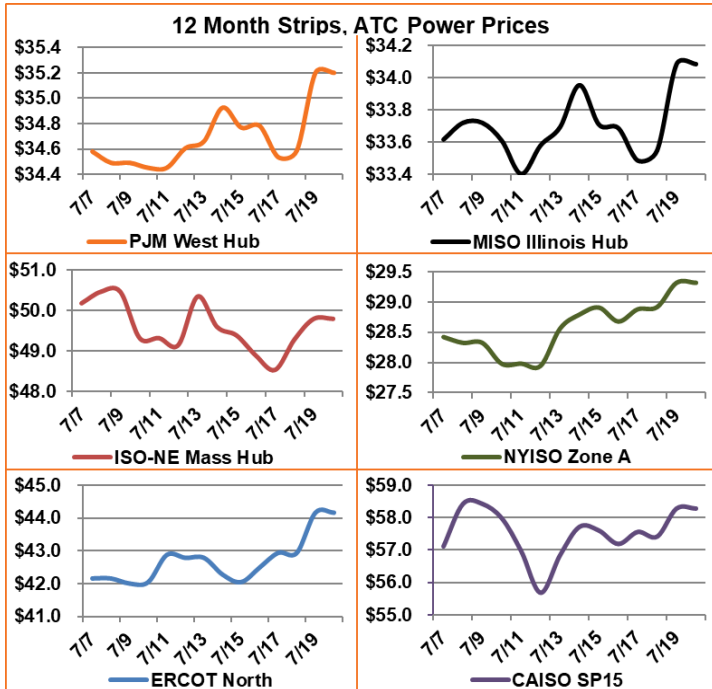
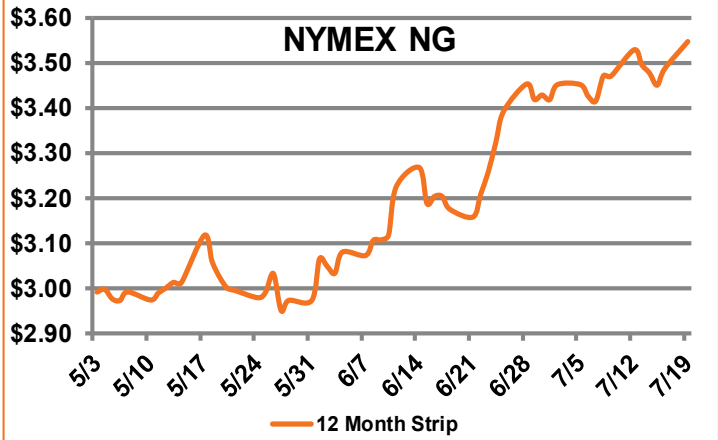
Summary: The natural gas prompt month moved up more than \$0.10/MMBtu yesterday during a very bullish trading session. Though the market was flat last week, yesterday's trades wiped out the bearish nature that affected every contract that traded. A potential factor to the bullish movement could be the decisions made in the crude oil market by OPEC+ in the last few days. Essentially, the next few months will see an increase of oil production following a constrained market. An increase in supply had the expected effect, and prices for crude oil had fallen by over \$5.65/Bbl yesterday. The price movement caused oil to settle at \$66.42/Bbl, when prices were over \$10/Bbl higher just a month ago. With declining oil prices, domestic production will most likely fall. Associated gas could be affected as a result, potentially stressing the supply of natural gas even further. All of the other fundamentals have stayed relatively stable. Natural gas demand for the power burn sector has decreased, primarily due to the temperature decreasing to more normal levels. However, the exports through LNG terminals and pipelines to Mexico have more than made up the difference, stressing the whole market with extra volatility through the 12-month 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
- Average temps outside of the West



Next Day On-Peak Power (traded for 7/20/2021)

ISO-NE Mass Hub \$56.25	MISO Indiana Hub \$49.50	NYISO Zone G \$50.42	
PJM West Hub \$46.77	ERCOT North \$35.09	CAISO SP15 \$89.94	
NYMEX NG		Close	Change
Aug-21		3.779	0.105
Sep-21		3.754	0.096
12-Month		3.548	0.060
Cal 22		3.250	0.032
Cal 23		2.820	0.010

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%

