

Early Morning Update

The Aug '21 natural gas contract is trading up \$0.09 at \$4.15. The Sep '21 crude oil contract is down \$0.12 at \$71.95.

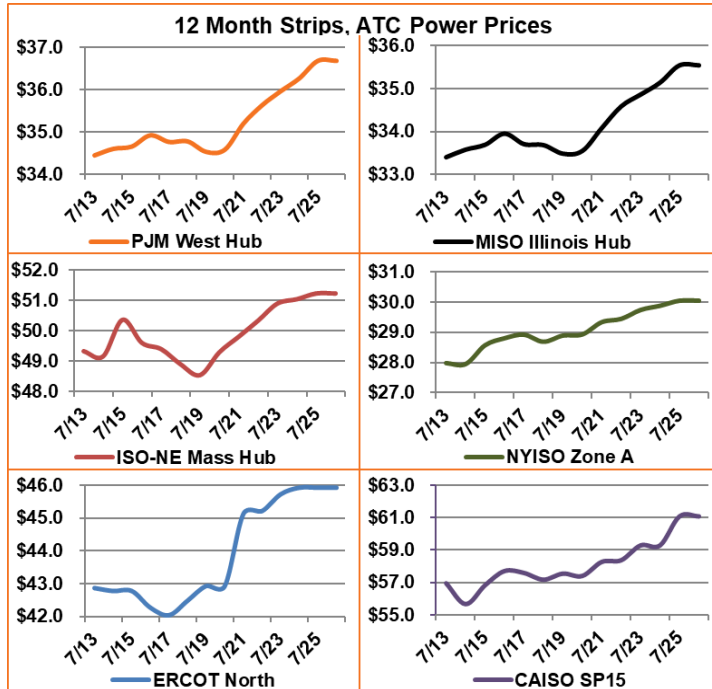
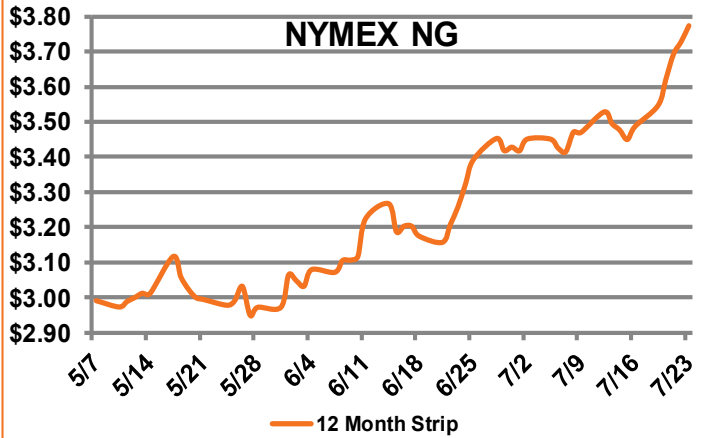
Summary: As a new week begins, the market remains focused on weather with potential for peak days in PJM, MISO, and ERCOT early this week, while forecasts show temperatures slipping back to normal towards the back half. The tropics are also looking quiet besides a small disturbance off the coast of Florida, which has a low likelihood of development according to the National Weather Service. Also making news over the weekend is the continued growth of the Delta COVID variant. With case counts moving higher in many parts of the U.S. and with some models predicting a surge peaking in October, it bears watching, even though the most aggressive projections do not eclipse case counts of earlier this year. The U.S. equity markets do not seem concerned, as the S&P, Dow Jones, and NASDAQ all hit record highs on Friday. In natural gas, the overall trend of rising prices continues as the front end moves up more aggressively than longer terms. For reference, Q1-22 is up 58 cents (16%) over the past month to \$4.03/MMBtu, while Cal '24 is up nine cents (3%) over the same period to \$2.75/MMBtu. With production failing to keep pace with demand, the market continues to search for the price point to incentivize an increase in gas production and help stabilize the supply/demand balance.

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



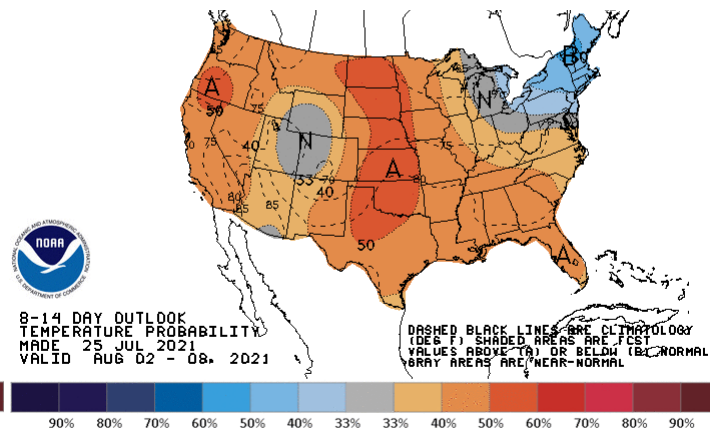
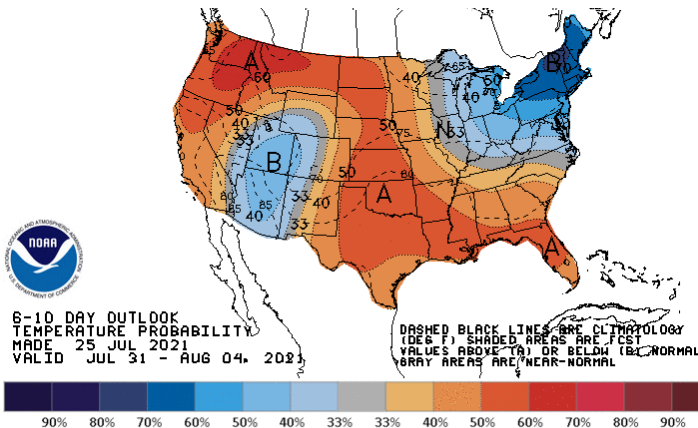
Next Day On-Peak Power (traded for 7/26/2021)

ISO-NE Mass Hub \$55.04	MISO Indiana Hub \$62.00	NYISO Zone G \$53.83
PJM West Hub \$52.85	ERCOT North \$130.00	CAISO SP15 \$79.55

NYMEX NG	Close	Change
Aug-21	4.060	0.057
Sep-21	4.042	0.060
12-Month	3.775	0.045
Cal 22	3.414	0.026
Cal 23	2.886	0.008

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,678	2,629	3,210	2,854
Diff v. Current		49	-532	-176
% Diff			-16.6%	-6.2%



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

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