

Early Morning Update

The Sep '21 natural gas contract is trading down \$0.03 at \$3.94
The Sep '21 crude oil contract is up \$0.21 at \$72.60.

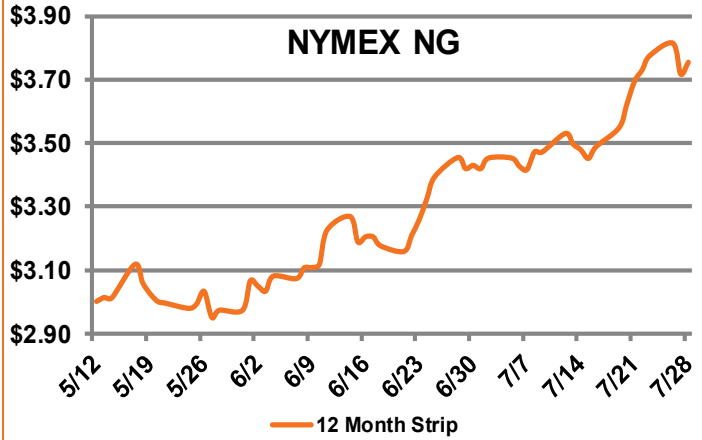
Summary: Natural gas prices climbed higher once again during Wednesday's trading session as bullish fundamentals remain unchanged and unopposed. The 12- and 24-month strips each increased by about \$0.030/MMBtu day-over-day, and most of the strength within these terms was weighted towards the front two contracts. The August contract rolled off the trading board yesterday, closing up \$0.073 to \$4.044/MMBtu. This settlement price is just \$0.060 shy of the contract's \$4.102 all-time high, seen this past Monday. The September contract, which debuts as the new prompt month today, also finished stronger, gaining \$0.025 and ending the day at \$3.967/MMBtu. Bearish fundamentals seem distant as robust demand levels are expected to pull the market further out of balance for the next few weeks. Production remains below pre-pandemic highs amidst soaring demand for LNG in Europe and Asia. Last week's heat wave in the Midwest slightly bolstered gas-fired cooling demand, further impacting the currently weakened storage levels. Today's EIA inventory report for the week ended July 23 is expected to show a build somewhere around 40 Bcf. While an injection at this level would be higher than the five-year-average, it may not be enough to have a material effect on the market.

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 7/29/2021)

ISO-NE Mass Hub \$36.73	MISO Indiana Hub \$53.67	NYISO Zone G \$40.30
PJM West Hub \$44.40	ERCOT North \$80.46	CAISO SP15 \$156.72

NYMEX NG	Close	Change
Aug-21	4.044	0.073
Sep-21	3.967	0.025
12-Month	3.754	0.037
Cal 22	3.434	0.036
Cal 23	2.914	0.019

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%

