

**Early Morning Update**

The Jul '21 natural gas contract is trading up \$0.10 at \$3.09. The Jul '21 crude oil contract is up \$2.38 at \$68.70.

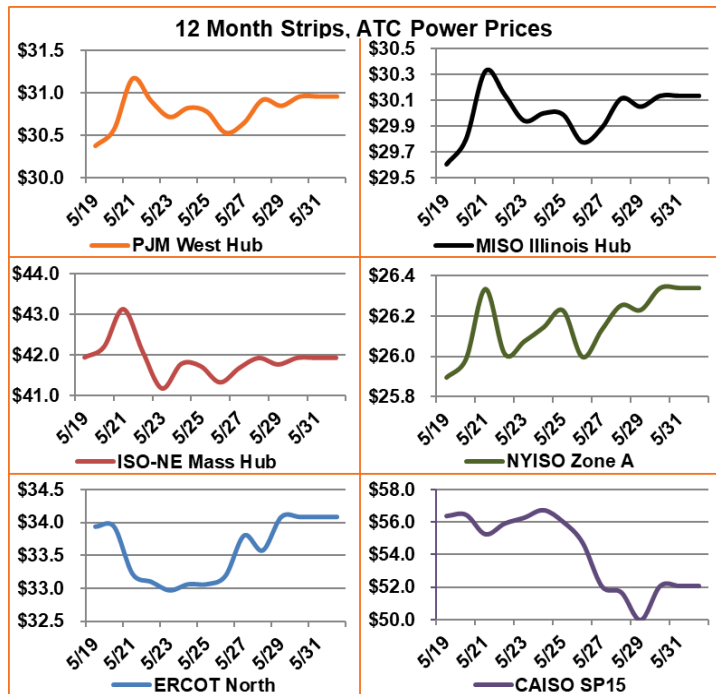
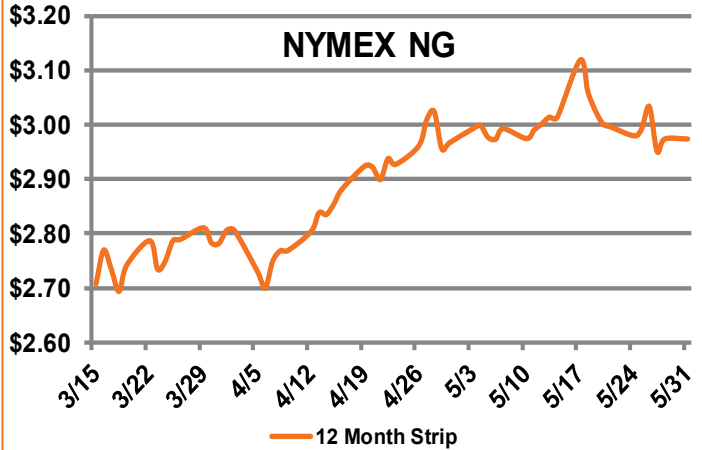
**Summary:** Making its debut as the prompt month last Thursday, the July '21 natural gas contract rose almost three cents on Friday, closing out the week at \$2.986/MMBtu, just under the \$3 resistance threshold. The weekend saw much lower temperatures for most of the country, resulting in lower demand for gas for power generation and lower total demand for gas, overall. Power burn was at 34.2 Bcf/d last Wednesday, but had dropped to 24.9 Bcf/d on Saturday, while total demand for natural gas peaked at 87.4 Bcf/d last week, dropping almost 7.0 Bcf/d over the weekend and bottoming out at 80.9 Bcf/d yesterday. Warmer temperatures are forecast for this week, and both power burn and total demand for natural gas are expected to rise again this week. Power burn is already at 30.1 Bcf/d today and is expected to climb above 35 Bcf/d by next week. Likewise, total natural gas demand is at 82.8 Bcf/d and is projected to climb to 87.6 Bcf/d over the next two weeks. The West, however, has been stymied with continued hot weather, pushing temperatures in the Northwest 12 degrees above their 10-year normals. Western power burn is expected to add more than 500 MMcf/d by June 3, peaking at 5.0 Bcf/d, and remain elevated through the first half of June.

**Bullish Factors**

- Near-record LNG exports
- High exports to Mexico
- Storage deficits

**Bearish Factors**

- Coronavirus impacts on demand
- Strong production
- Milder weather



**Next Day On-Peak Power (traded for 6/1/2021)**

ISO-NE Mass Hub \$26.45	MISO Indiana Hub \$28.75	NYISO Zone G \$28.94
PJM West Hub \$28.00	ERCOT North \$31.25	CAISO SP15 \$50.57

NYMEX NG	Close	Change
Jul-21	2.986	0.028
Aug-21	3.007	0.029
12-Month	2.973	0.023
Cal 22	2.811	0.018
Cal 23	2.632	0.011

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,215	2,100	2,596	2,278
Diff v. Current		115	-381	-63
% Diff			-14.7%	-2.8%

