

**Early Morning Update**

The Jul '21 natural gas contract is trading down \$0.01 at \$3.07. The Jul '21 crude oil contract is up \$0.12 at \$68.95.

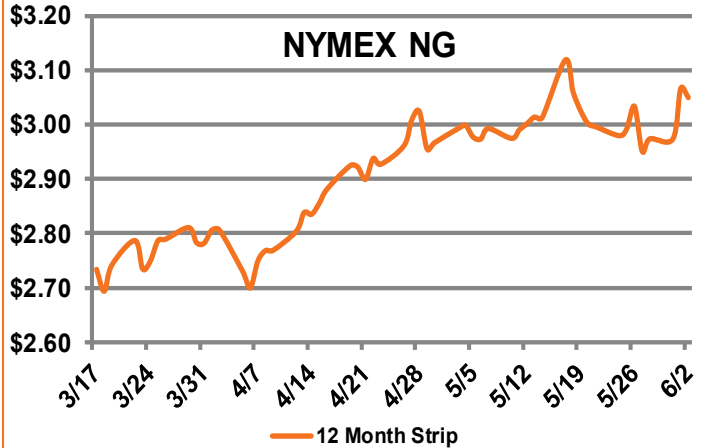
**Summary:** Short-term natural gas futures contracts fell slightly during yesterday's trading session. The 12-month strip lost \$0.016/MMBtu, with the heaviest losses weighted towards the front of the curve. The prompt month sank by \$0.029 to \$3.075/MMBtu, and the August and September contracts each declined by \$0.032, settling at \$3.094 and \$3.086, respectively. Yesterday's slip was likely driven by the minor day-over-day cooler revisions to the mid-June weather forecast for the East Coast. Yet, the slightly bearish changes to the weather outlook were not enough to put a dent in Tuesday's \$0.120/MMBtu rally, as this June is still forecasted to be one of the hottest on record. Further, prices are presumably still propped up by the lingering storage deficit, which currently sits at 381 Bcf below last year and 63 Bcf below the 5-year average. The injection estimates from the Reuter's poll for today's storage report ranged from 86 Bcf to 107 Bcf. Although an injection for week ending 5/28 within this range would be nearly aligned with last year's 103 Bcf build and the 96 Bcf 5-year average injection, it might not be enough to cause a significant market downturn. Despite the near-term instability over the last few weeks, the longer-term natural gas curve has been largely unchanged over the last two months.

**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 6/3/2021)**

ISO-NE Mass Hub \$27.88	MISO Indiana Hub \$33.72	NYISO Zone G \$27.98
PJM West Hub \$29.16	ERCOT North \$29.26	CAISO SP15 \$47.20

NYMEX NG	Close	Change
Jul-21	3.075	-0.029
Aug-21	3.094	-0.032
12-Month	3.049	-0.016
Cal 22	2.869	0.000
Cal 23	2.661	0.005

**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%

