

Early Morning Update

The Jul '21 natural gas contract is trading down \$0.04 at \$3.20. The Jul '21 crude oil contract is up \$0.13 at \$72.25.

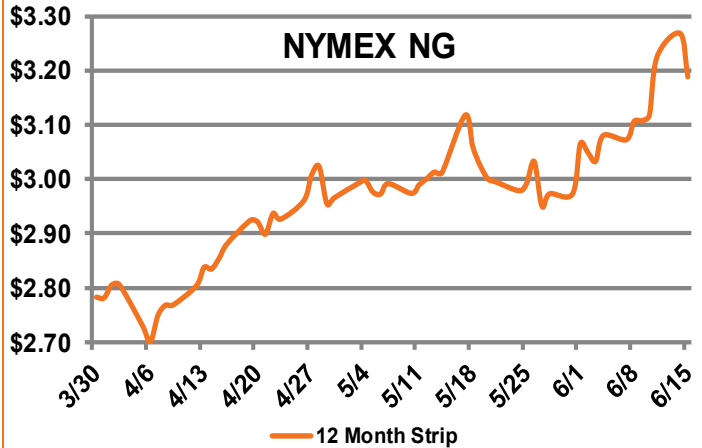
Summary: Yesterday's NYMEX natural gas trading session reversed the recent trend, as there was downward movement stretching through the curve. The near term showed the most significant movement, with the July prompt month contract moving down 11 cents to close at \$3.24/MMBtu, while the 12-month strip followed closely behind, dropping eight cents. The 2022 calendar strip gave up three cents to move below the three dollar mark at \$2.979, and 2024 moved down 1.6 cents to fall to \$2.713. All forward strips from 2025 on shifted down 1.5 cents. The market remains backwardated through 2026, the lowest priced strip on the board at \$2.608, and then contango through the curve. On the supply/demand balance, natural gas production has lagged with the recent dry production totals coming in below the 90 Bcf/d mark. Demand has also moderated recently, as the Northeast and East regions return to seasonal average temperatures, and the power burn demand sector has dropped almost 3.0 Bcf/d so far this week. Both LNG exports and pipeline exports to Mexico are ticking back up after hitting a recent low on Monday, as LNG exports have increased 1.0 Bcf/d to just below 10 Bcf/d, and pipeline exports have added 0.5 Bcf/d to move to 7.2 Bcf/d.

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 6/16/2021)

ISO-NE Mass Hub \$31.25	MISO Indiana Hub \$33.00	NYISO Zone G \$29.76
PJM West Hub \$28.49	ERCOT North \$120.53	CAISO SP15 \$190.13

NYMEX NG	Close	Change
Jul-21	3.240	-0.112
Aug-21	3.256	-0.111
12-Month	3.189	-0.080
Cal 22	2.979	-0.031
Cal 23	2.713	-0.016

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,411	2,313	2,794	2,466
Diff v. Current		98	-383	-55
% Diff			-13.7%	-2.2%

