

Early Morning Update

The Jul '21 natural gas contract is trading down \$0.03 at \$3.22. The Jul '21 crude oil contract is down \$0.30 at \$71.85.

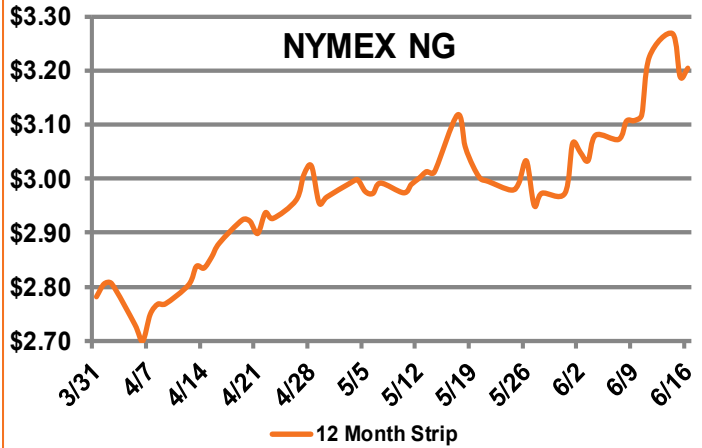
Summary: After Tuesday's large and mechanically driven selloff, strong and steady natural gas fundamentals regained their ground and pushed short-term contracts higher during Wednesday's trading session. Virtually every contract within the 12- and 24-month strips advanced just over \$0.010/MMBtu, as above-normal highs through early July continue to dominate eastern and western weather forecasts. The prompt contract settled \$0.011 higher to \$3.251/MMBtu, while the August and September contracts both strengthened by \$0.015, settling at \$3.271 and \$3.259/MMBtu, respectively. Futures prices for the upcoming '21/'22 winter strips are still hovering around \$3.50, each contract holding a nearly \$0.50 premium over every other winter strip on the curve. Bullish LNG demand, lower production, and the current storage deficit are the likely drivers behind the this winter's large premium. Unfortunately, the strong winter pricing is unlikely to weaken this week, as both the Bloomberg and Reuters injection polls ranged from about 64 to 76 Bcf for today's Energy Information Administration (EIA) storage inventory report. An injection within these ranges would increase the current storage deficit, as they are below both the 87 Bcf five-year average and last year's 86 Bcf builds. Storage levels are currently on pace to end injection season about 200 Bcf behind the five-year-average.

Bullish Factors

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

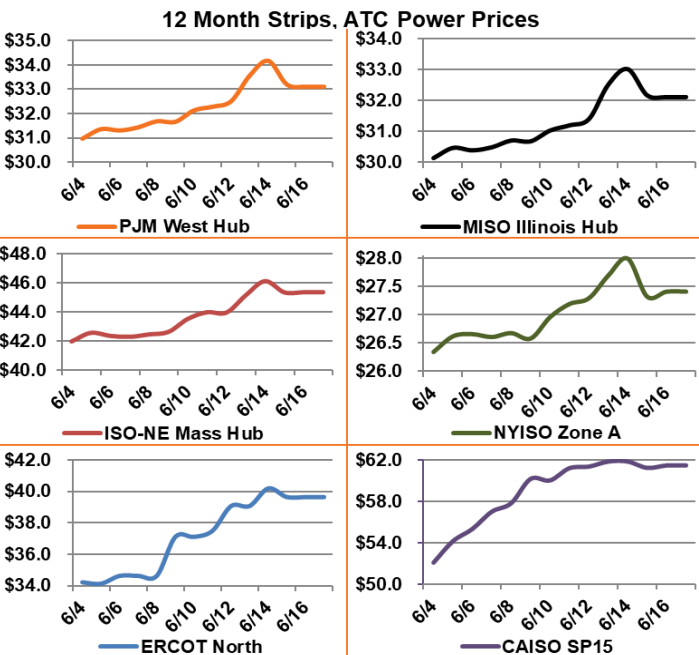
Bearish Factors

- Coronavirus impacts on demand
- Strong production
- Milder weather



Next Day On-Peak Power (traded for 6/17/2021)

ISO-NE Mass Hub \$29.72	MISO Indiana Hub \$36.50	NYISO Zone G \$28.29
PJM West Hub \$28.33	ERCOT North \$50.94	CAISO SP15 \$237.25
NYMEX NG	Close	Change
Jul-21	3.251	0.011
Aug-21	3.271	0.015
12-Month	3.204	0.016
Cal 22	2.995	0.016
Cal 23	2.722	0.009



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%

