

Early Morning Update

The Jul '21 natural gas contract is trading down \$0.03 at \$3.18. The Jul '21 crude oil contract is down \$0.04 at \$71.60.

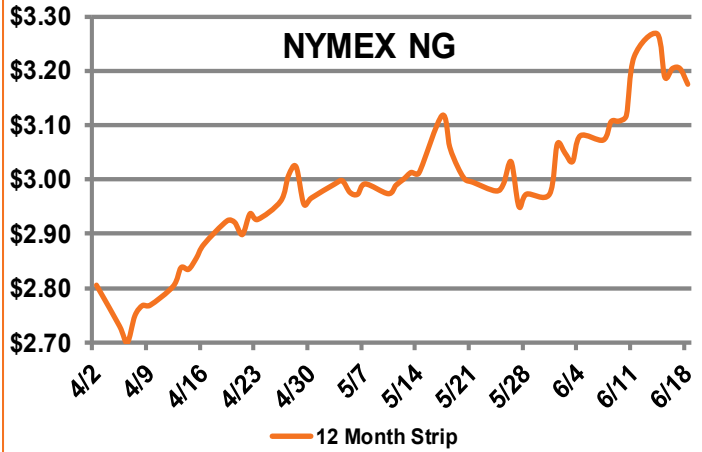
Summary: As the calendar rolls into the back half of June, the market continued its slow, but steady, climb over the past month. With the heart of summer approaching, traders are finalizing positions in light of today's fundamentals picture, with above-normal temperatures dominating the western half of the country, stagnant natural gas production, and storage below historical averages. Despite the bullish fundamentals outlook, near-term NYMEX forwards were down week-over-week, with Q3 '21 and Q1 '22 both down a nickel, trading at \$3.22/MMBtu and \$3.37/MMBtu, respectively. On the power side, regional markets were mixed, with marked volatility in ERCOT, a strong sell-off in CAISO, and eastern markets largely flat for the same terms. If looking for value in the forward natural gas market, Cal '26 is currently the lowest priced forward at \$2.663/MMBtu, with Cals '24 and '25 right behind at \$2.671/MMBtu. One item that bears watching is the continued trend of supply outpacing production. Compared to June 2020, demand with exports is up 8.0 Bcf/d, while supply is up 4.0 Bcf/d. With a supply deficit clearly in play and potential for a warmer-than-normal summer, storage injections could continue to disappoint over the coming months.

Bullish Factors

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

Bearish Factors

- Coronavirus impacts on demand
- Strong production
- Milder weather



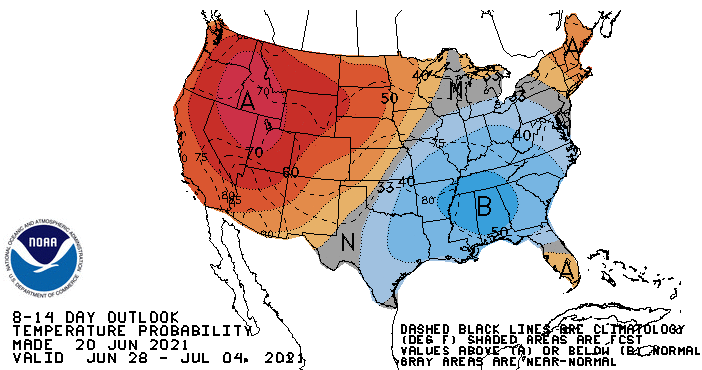
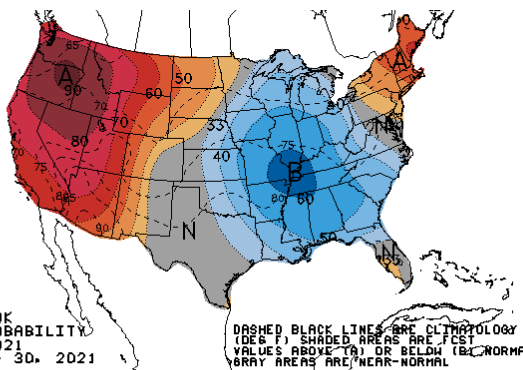
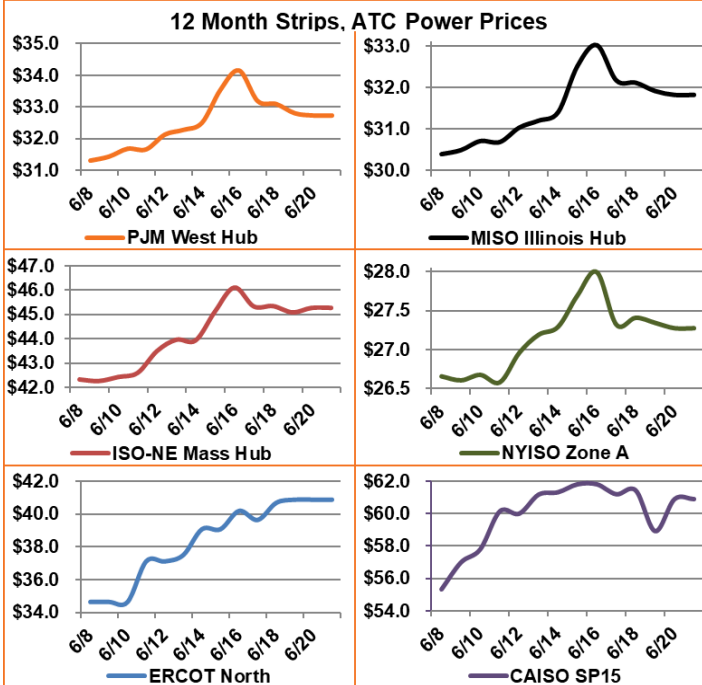
Next Day On-Peak Power (traded for 6/21/2021)

ISO-NE Mass Hub \$53.46	MISO Indiana Hub \$31.27	NYISO Zone G \$47.00
PJM West Hub \$38.93	ERCOT North \$28.48	CAISO SP15 \$55.43

NYMEX NG	Close	Change
Jul-21	3.215	-0.038
Aug-21	3.236	-0.039
12-Month	3.176	-0.028
Cal 22	2.984	-0.014
Cal 23	2.727	-0.004

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,427	2,411	2,880	2,553
Diff v. Current		16	-453	-126
% Diff			-15.7%	-4.9%



90% 80% 70% 60% 50% 40% 33% 33% 40% 50% 60% 70% 80% 90%

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