

Early Morning Update

The Jul '21 natural gas contract is trading up \$0.08 at \$3.34. The Aug '21 crude oil contract is up \$0.95 at \$73.80.

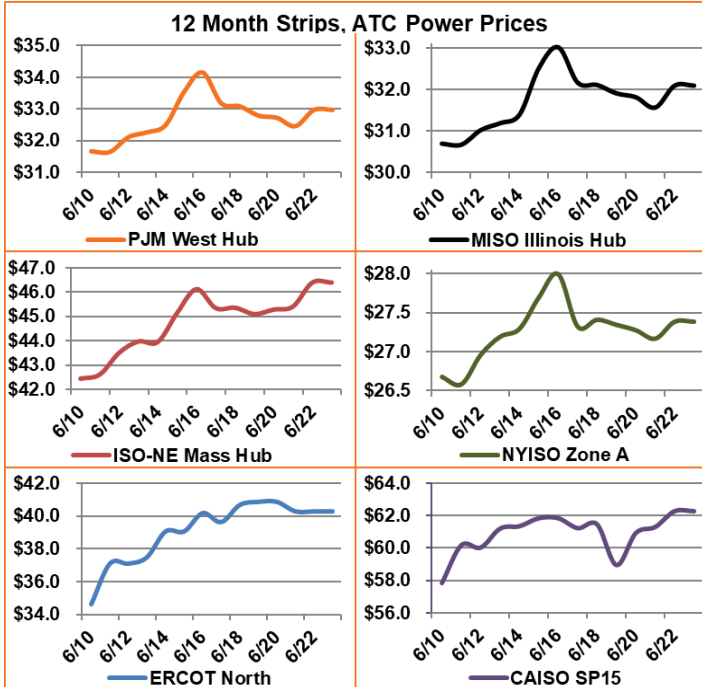
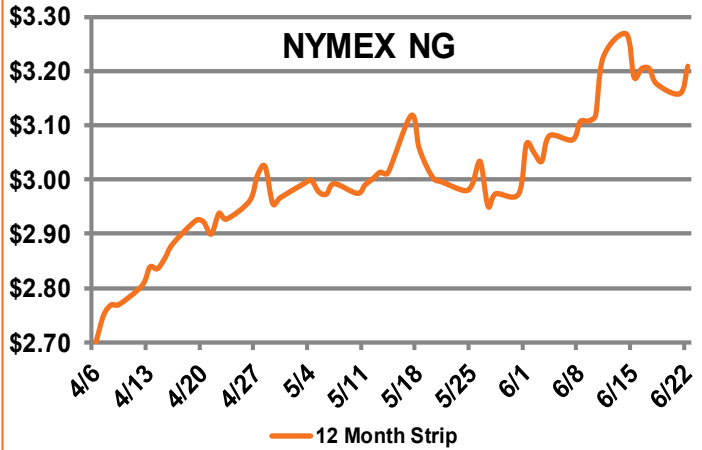
Summary: Pricing relief seems to have been short-lived, as pricing is climbing once again. Outlooks for July are showing some warmth in the Northeast, as well as blankets of heat to the West. Power burn levels increased month-over-month, mainly due to increases in cooling demand from air conditioning at the same time that companies are working to bring employees back to the office. LNG exports are pushing back up to 11.0 Bcf/d, as maintenance activities are completed, and Asian LNG prices soar due to heat in those regions, increasing demand. The supply/demand balance appears to be tightening once again, with demand ticking up and U.S. dry production falling slightly, down 1.6 Bcf/d from the 92.0 Bcf/d jump seen over the weekend. If this continues, it doesn't bode well for end-of-season storage levels, which currently remain at a deficit to the five-year average. Yesterday, the NYMEX natural gas futures price for July ticked up 6.7 cents on the day to settle at \$3.258/MMBtu. Following last week's huge reclassification, lowering the overall injection to a disappointing 16 Bcf, the EIA is expected to report an injection in the neighborhood of 60 Bcf tomorrow for the week ending June 18, once again significantly below the five-year average of 83 Bcf.

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 6/23/2021)

ISO-NE Mass Hub \$30.22	MISO Indiana Hub \$27.28	NYISO Zone G \$28.33	
PJM West Hub \$26.58	ERCOT North \$30.25	CAISO SP15 \$44.81	
NYMEX NG		Close	Change
Jul-21		3.258	0.067
Aug-21		3.277	0.062
12-Month		3.209	0.050
Cal 22		3.008	0.036
Cal 23		2.737	0.015

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%

