

**Early Morning Update**

The Aug '21 natural gas contract is trading up \$0.12 at \$3.75. The Aug '21 crude oil contract is up \$0.82 at \$73.80.

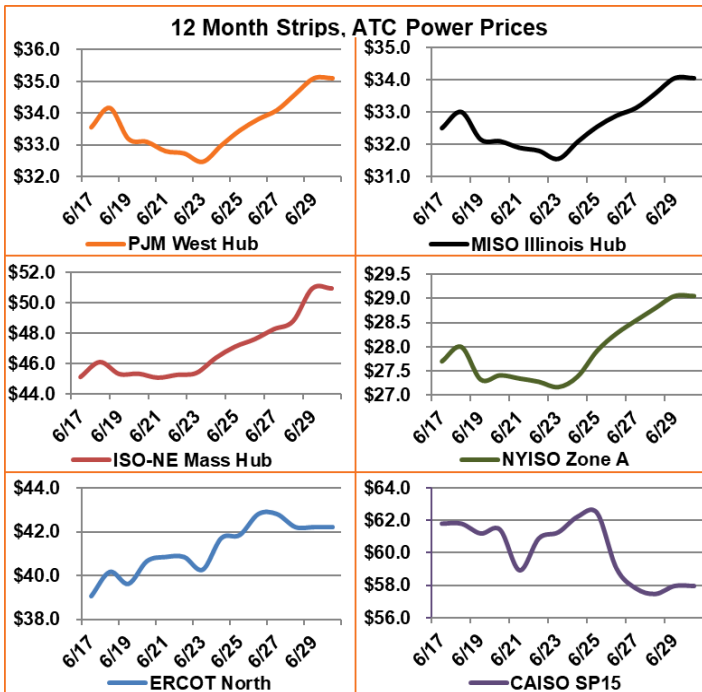
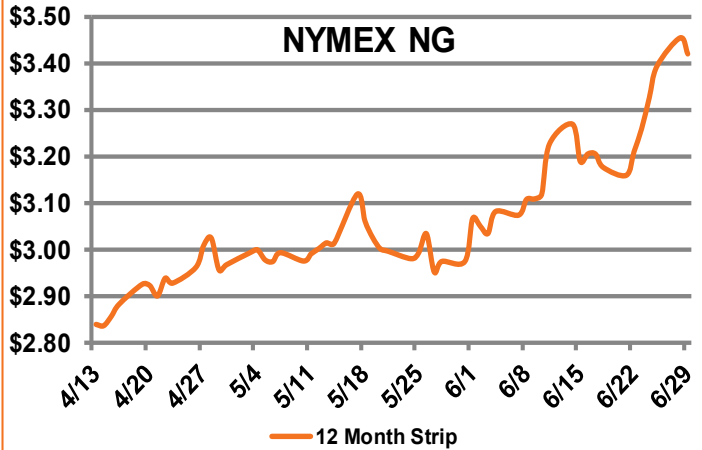
**Summary:** In debuting as the prompt month, the August NYMEX natural gas contract gained nearly 22 cents at one point before trading back down to close at \$3.63/MMBtu, representing a net gain of 3.7 cents for the day. This same trend carried out through Cal 2023, with an early day sharp climb in prices and corresponding afternoon retreat. The 2022 calendar strip showed the least movement of the strips as it tacked on 7/10ths of a cent to move just under \$3.17. Cal 2023 gained 2.4 cents, while all forward strips beyond that gained around three cents. Cal 2024 remains the low-priced strip on the board, but after gaining 3.2 cents yesterday, is now at \$2.71. This represents an increase of 10 cents in two weeks for the lowest priced NYMEX calendar strip. On the supply/demand side, total natural gas demand hit a recent high point yesterday of 96.3 Bcf/d, spurred on by a nearly 12 Bcf increase from the power burn demand sector over the week. This increase was likely driven by high A/C usage resulting from the late June heat wave covering most of the U.S., which looks to be abating over the next few days. The high temperatures so far this week have pushed numerous ISO's to set year-to-date peaks Monday and Tuesday, including PJM, ISO-NE, and IESO.

**Bullish Factors**

- Post-pandemic demand growth
- Less-than-average storage injections
- High exports to Mexico

**Bearish Factors**

- Stable production
- Year-to-date power burn below 2020
- Cooler temps in the South



**Next Day On-Peak Power (traded for 6/30/2021)**

ISO-NE Mass Hub \$126.46	MISO Indiana Hub \$57.00	NYISO Zone G \$80.18
PJM West Hub \$65.93	ERCOT North \$40.71	CAISO SP15 \$63.60
NYMEX NG		Change
Jul-21	3.630	0.037
Aug-21	3.606	0.034
12-Month	3.419	0.020
Cal 22	3.163	0.007
Cal 23	2.813	0.024

**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%

