

Early Morning Update

The Jun '21 natural gas contract is trading up \$0.09 at 3.05. The Jun '21 crude oil contract is down \$0.42 at \$64.95.

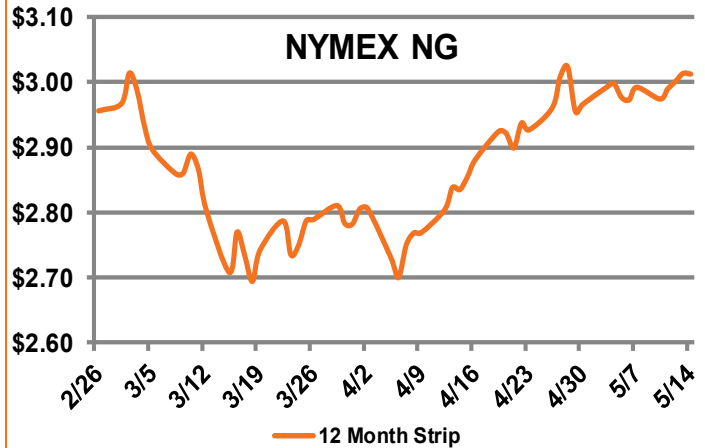
Summary: Last week's NYMEX natural gas pricing activity was relatively quiet. The Jun '21 prompt month started the week off by losing 2.6 cents, and ultimately ended the week flat, gaining a mere \$0.003/MMBtu, to settle at \$2.961/MMBtu. Also last week, Q4-21 gained three cents and Q1-22 gained 2.7 cents. Weather forecasts are generally mild this week, then a bit of a warmup next week across the Midwest into the East Coast, while the balance of May appears overall mild. However, the supply/demand balance remains bullish, and near-term NYMEX futures are still elevated versus their trading history. The question remains: how will producers respond to the relatively strong prices on the near-term futures market? Will they remain fiscally disciplined or will current prices incentivize higher production numbers? Several large gas producers have recently put out presentations related to earnings calls, and their messages have been consistent: reduce capital expenditures. America's largest gas producer, EQT, announced an additional \$75 million cut to CAPEX since their last update in February, while Antero Resources, America's third largest producer, announced a 20% decrease in spending versus 2020 levels.

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 5/17/2021)

ISO-NE Mass Hub \$27.00	MISO Indiana Hub \$28.21	NYISO Zone G \$28.16
PJM West Hub \$28.95	ERCOT North \$28.00	CAISO SP15 \$24.75

NYMEX NG

	Close	Change
Jun-21	2.961	-0.012
Jul-21	3.018	-0.007
12-Month	3.013	-0.001
Cal 22	2.787	0.007
Cal 23	2.603	0.004

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,029	1,958	2,407	2,101
Diff v. Current		71	-378	-72
% Diff			-15.7%	-3.4%

