

Early Morning Update

The Jun '21 natural gas contract is trading down \$0.04 at 3.07. The Jun '21 crude oil contract is up \$0.23 at \$66.50.

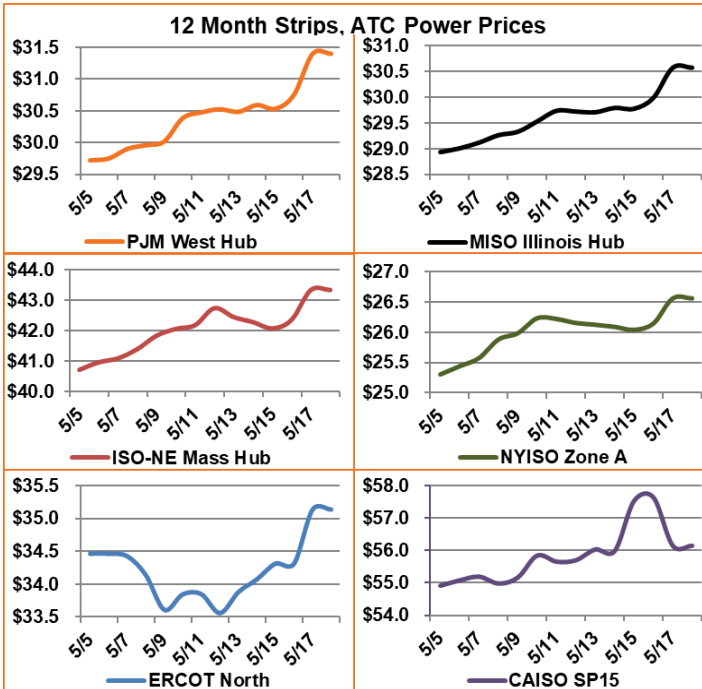
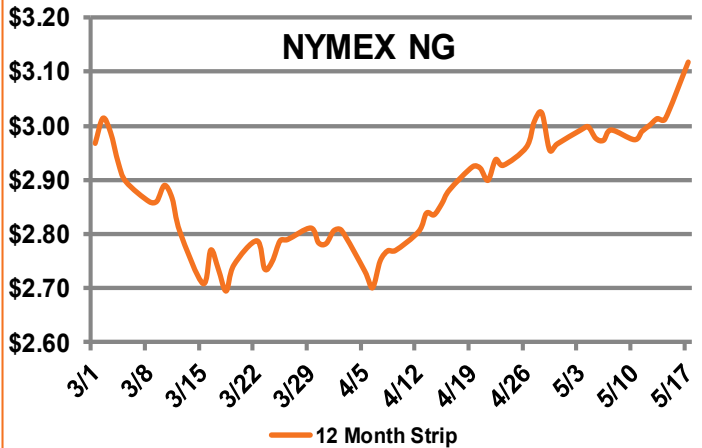
Summary: Both NYMEX natural gas and WTI crude oil prices increased by a significant margin yesterday, creating questions in the market as to why such changes occurred. The NYMEX Henry Hub natural gas prompt month settled approximately 15 cents higher at \$3.109/MMBtu. To reach this level, prices had to break through the \$3.00/MMBtu resistance level that had held fairly strong for prompt month pricing. While there was a two-day stint in February during the extreme winter event when prices settled above the \$3 ceiling, prices for the prompt month have not been this high since the very beginning of November. Similar to stock trading, this previous ceiling could become a new strong support level. Fundamentals for production, storage, and demand did not change by a significant level during this price development, so what could have caused this? Some analysts are pointing to the speculative traders in the market, as they have maintained a net long position for natural gas pricing. Similarly, there was a net long position for crude oil, which broke its own ceiling at the \$66.00/Bbl mark to settle at \$66.27/Bbl after moving up \$0.90 in yesterday's trading session.

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 5/18/2021)

ISO-NE Mass Hub \$31.81	MISO Indiana Hub \$33.00	NYISO Zone G \$28.50	
PJM West Hub \$31.39	ERCOT North \$25.82	CAISO SP15 \$23.66	
NYMEX NG		Close	Change
Jun-21		3.109	0.148
Jul-21		3.164	0.146
12-Month		3.118	0.105
Cal 22		2.826	0.039
Cal 23		2.609	0.006

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%

