

**Early Morning Update**

The Jun '21 natural gas contract is trading down \$0.06 at 2.84. The Jun '21 crude oil contract is up \$0.82 at \$64.40.

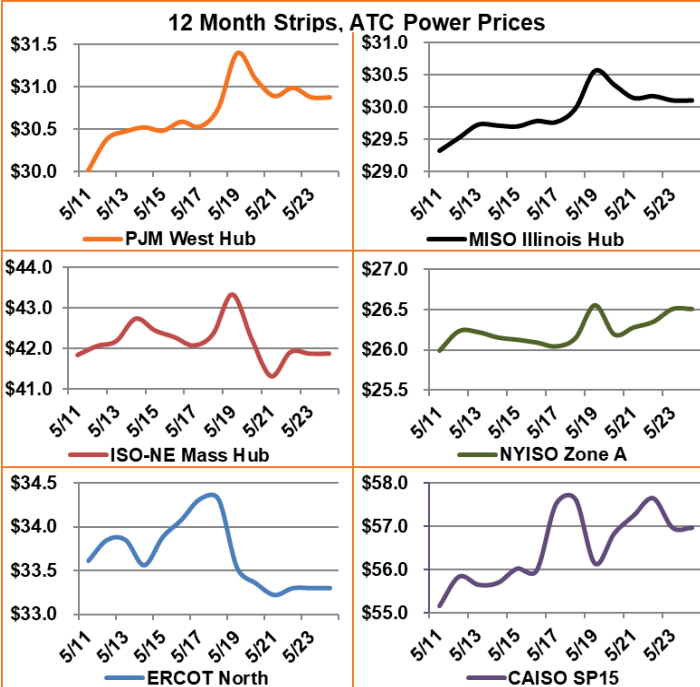
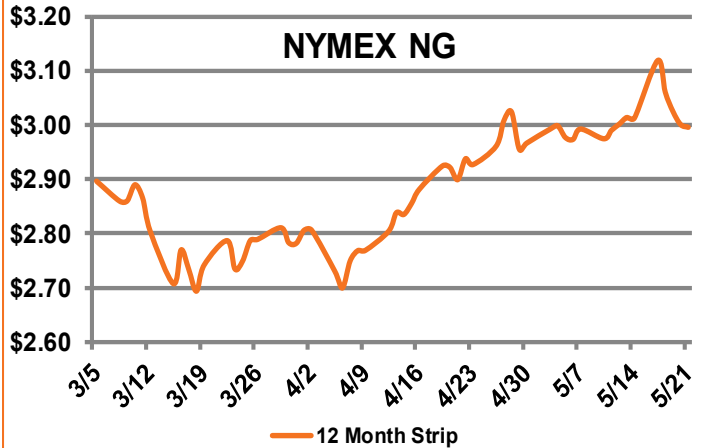
**Summary:** As we enter the final week of May, the old adage of May being a transitional weather month has rung true. It's hard to believe we were talking about snow and frost just a few weeks ago, but the pattern has clearly transitioned to summer as an early heat wave has broken out in the Southeast, where record high temperature could be set mid-week. The market has been focused on refined summer weather forecasts, as these will have a strong influence on supply/demand and the potential to influence NYMEX forward price trends. Consensus is building that the upcoming summer will fall in the top 10 "warmest summers" dating back to 1950, but cooler than last year, which was the 3rd warmest on record. The western U.S. is at the highest risk for prolonged heat due to continuing extreme drought conditions and La Nina weather patterns. These refined forecasts have impacted summer NYMEX prices, as those strips remained volatile last week. The prompt month briefly rose above \$3/MMBtu, but settled Friday down six cents from the previous week at \$2.906. The Q3 '21 strip was also down a few pennies week-over-week at \$2.988. There continues to be strong backwardation as Q3 '22 settled at \$2.645/MMBtu, 34 cents lower than the upcoming summer.

**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 5/24/2021)**

|                            |                             |                         |
|----------------------------|-----------------------------|-------------------------|
| ISO-NE Mass Hub<br>\$28.00 | MISO Indiana Hub<br>\$41.00 | NYISO Zone G<br>\$27.04 |
| PJM West Hub<br>\$34.00    | ERCOT North<br>\$26.00      | CAISO SP15<br>\$28.50   |

| NYMEX NG | Close | Change |
|----------|-------|--------|
| Jun-21   | 2.906 | -0.019 |
| Jul-21   | 2.977 | -0.014 |
| 12-Month | 2.995 | -0.005 |
| Cal 22   | 2.798 | -0.003 |
| Cal 23   | 2.607 | 0.001  |

**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%       |

