

Early Morning Update

The Jun '21 natural gas contract is trading up \$0.03 at 2.92. The Jul '21 crude oil contract is down \$0.40 at \$65.65.

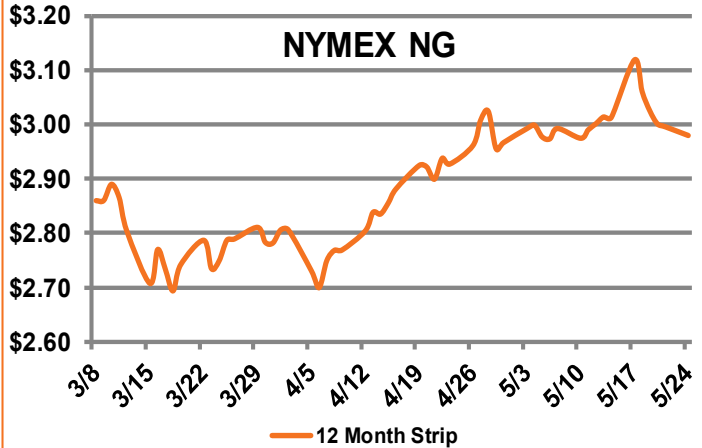
Summary: The continuation of bearish movement has continued through the first trading session of the week, with the Henry Hub natural gas prompt month trading down two cents to \$2.886/MMBtu. This means that, week-over-week, the June contract has fallen \$0.223/MMBtu. The current prompt month had been range-bound at \$2.90-\$3.00/MMBtu since its debut, and this drop had exceeded all expectations within the last week. The fact that the price has fallen below the strong floor could indicate that focus is centering around the July contract, since June will be expiring tomorrow. Trade volume would emphasize that concept as the July contract had nearly 2.5 times the June contract's trade volume. Furthering this point, yesterday, the July contract had settled right in the sweet spot for the previous trading range at around \$2.96/MMBtu, despite the volatility the market has seen for the closer contracts. With 2023 being the only calendar strip bucking the bearish trend, and up only two-tenths of a penny at that, the entire NYMEX natural gas pricing curve, albeit just slightly, showed downward movement.

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 5/25/2021)

ISO-NE Mass Hub \$26.10	MISO Indiana Hub \$40.13	NYISO Zone G \$27.04
PJM West Hub \$31.50	ERCOT North \$26.00	CAISO SP15 \$27.00

NYMEX NG	Close	Change
Jun-21	2.886	-0.020
Jul-21	2.960	-0.017
12-Month	2.979	-0.016
Cal 22	2.789	-0.008
Cal 23	2.609	0.002

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%

