

Early Morning Update

The July '21 natural gas contract is trading down \$0.03 at 2.99. The Jul '21 crude oil contract is down \$0.49 at \$65.72.

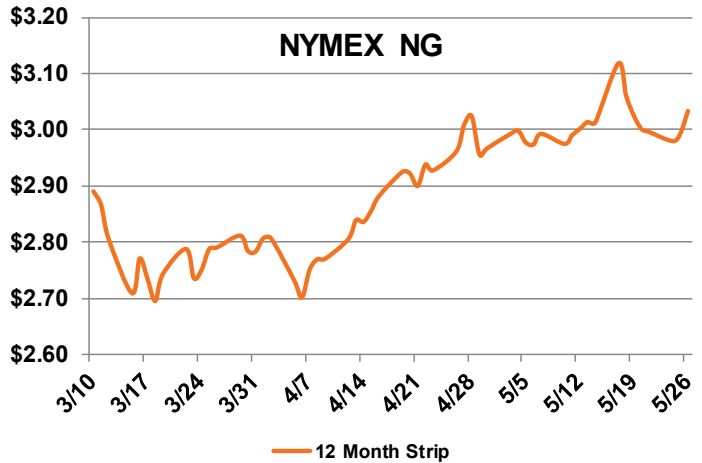
Summary: This morning marks the debut of Jul'21 as the new prompt month, and similar to yesterday's movement, we see day-over-day strength at the front of the curve. The Jul prompt month contract settled a nickel higher from the day prior at \$3.027, and the rolling 12 mo strip also gained 3 cents. For a while there, a \$3.00 support level was in place for the near term months, but we've now broken through that level again with this week's gains, as Jul'21-Mar'22 are all above the \$3.00 mark. We're seeing the largest near term premiums baked into Dec'21 - Feb'22, most likely due to concerns over our natural gas storage levels for the next winter. Ever since the Feb'21 winter event, natural gas inventory levels have been struggling to keep up with the 5 year average benchmark, and are well below last year's levels to the tune of 391bcf lower. Today's estimated storage injection for week ending May 21 is right around 107bcf. This injection does look promising however, since it would exceed the 5 year average by about 16 bcf if it actualizes. Looking ahead, the next two injections into storage are forecast to trail the 5 year average by 12 and 6bcf respectively.

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 5/27/2021)

ISO-NE Mass Hub \$27.88	MISO Indiana Hub \$38.32	NYISO Zone G \$33.65
PJM West Hub \$33.82	ERCOT North \$30.43	CAISO SP15 \$28.08

NYMEX NG	Close	Change
Jun-21	2.984	0.071
Jul-21	3.027	0.053
12-Month	3.033	0.040
Cal 22	2.824	0.024
Cal 23	2.627	0.008

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%

