

Early Morning Update

The Jul '21 natural gas contract is trading up \$0.06 at \$3.02. The Jul '21 crude oil contract is up \$0.45 at \$67.30.

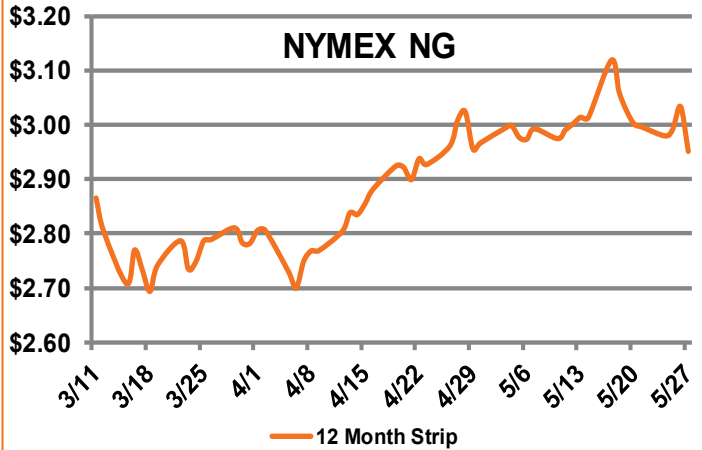
Summary: Happy Friday, everyone! We hope you all get to enjoy a long weekend as the Direct Energy team will also be taking a break from Memorial Day's update next week. Yesterday saw the debut of the July '21 contract as the new prompt month, and it kicked off its start with a downward movement, but remained in the previously covered \$2.90-\$3.00 range. While the morning started out with a moderate change of about a -\$0.02, the change was accelerated by the EIA's natural gas storage report. The build came in 8 Bcf above predictions and landed at a relatively high 115 Bcf, when comparing to the 91 Bcf 5-year average injection. This narrowed the deficit that has been plaguing natural gas pricing, which has remained elevated through Q1 of 2022. Along with this short-term softening of the market due to the above-average injection, the market has also seen a slight decrease in power burn demand as cooler weather takes hold. LNG feedgas demand, however, has strengthened and offset the cold weather changes, while year-over-year total supply has decreased by 1.0 Bcf. Though we are moving into a holiday weekend, the market continues to watch upcoming weather patterns, storage levels, and production levels as indications as to where prices may go.

Bullish Factors

- Near-record LNG exports
- High exports to Mexico
- Storage deficits

Bearish Factors

- Coronavirus impacts on demand
- Strong production
- Milder weather



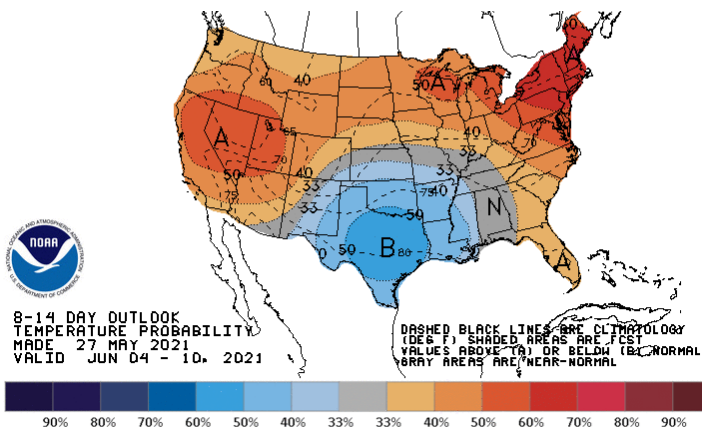
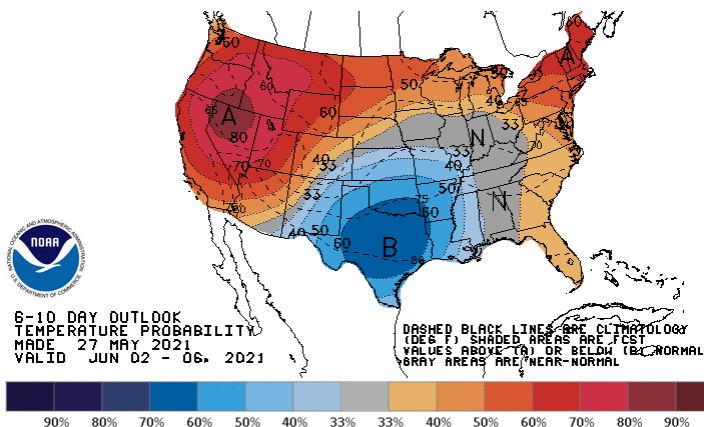
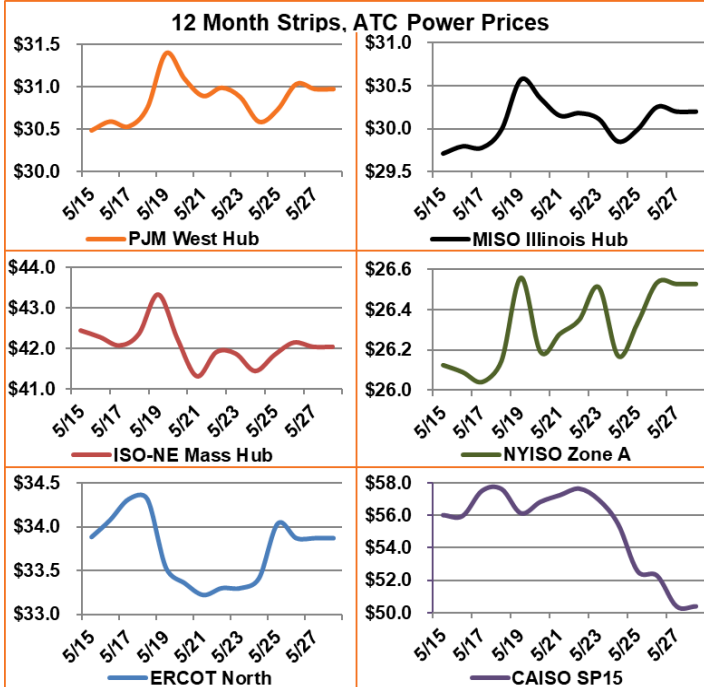
Next Day On-Peak Power (traded for 5/28/2021)

| | | |
|----------------------------|-----------------------------|-------------------------|
| ISO-NE Mass Hub \$24.71 | MISO Indiana Hub \$24.19 | NYISO Zone G \$26.05 |
| PJM West Hub \$27.90 | ERCOT North \$30.58 | CAISO SP15 \$23.75 |

| NYMEX NG | Close | Change |
|----------|-------|--------|
| Jun-21 | 2.958 | -0.069 |
| Jul-21 | 2.978 | -0.067 |
| 12-Month | 2.951 | -0.053 |
| Cal 22 | 2.793 | -0.031 |
| Cal 23 | 2.621 | -0.007 |

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% |



90% 80% 70% 60% 50% 40% 33% 33% 40% 50% 60% 70% 80% 90%

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