

Early Morning Update

The Sep '21 natural gas contract is trading down \$0.04 at \$3.89. The Sep '21 crude oil contract is down \$0.19 at \$68.90.

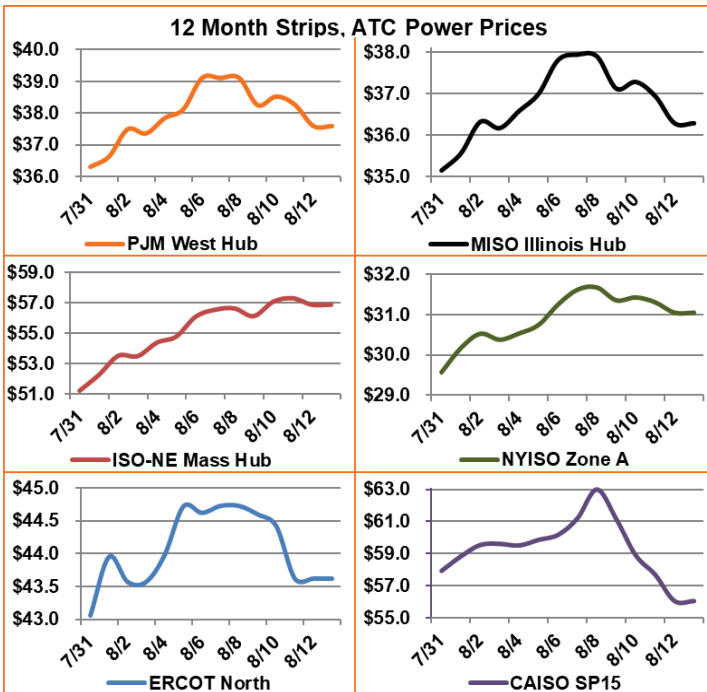
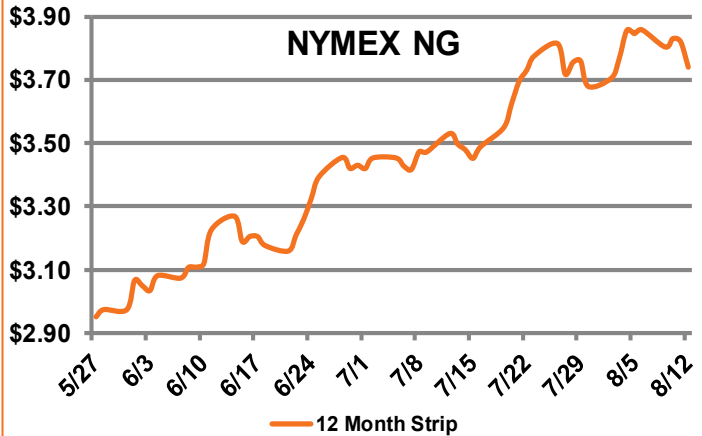
Summary: The bearishness in the natural gas market continued yesterday, with the prompt month falling almost 13 cents and settling at \$3.933/MMBtu, well below the \$4 technical trading level. The September contract has lost over 20 cents in value this week, while the 12-mo strip is down almost 12 cents. This week's bearishness, however, was limited to the front of the natural gas pricing curve, ending with Cal '22, which was down a nickel this week. Beginning with Cal '23 and beyond, prices strengthened, with Cal '23 up two cents, Cal '24 up six cents, and 2025-2033 calendar strips all up close to a dime. Adding to the bearishness seen yesterday, the U.S. Energy Information Administration reported a 49 Bcf storage build for the week to Aug. 6, a little bit more than the 45 Bcf projected in Bentek's Daily Storage Analytic Report. It was also a few Bcf higher than the 42 Bcf five-year average injection. U.S. natural gas dry production has been holding strong just above 91 Bcf/d for over a week now, with August month-to-date averaging 91.1 Bcf/d, 2.7 Bcf/d higher than August 2020. Despite this, there may be some downside for offshore production this weekend as Tropical Storm Fred is slated to move north along Florida's western coast starting tomorrow.

Bullish Factors

- Post-pandemic demand growth
- Less-than-average storage injections
- High exports to Mexico

Bearish Factors

- Stable production
- Year-to-date power burn below 2020
- Average temps outside of the West



Next Day On-Peak Power (traded for 8/13/2021)

ISO-NE Mass Hub \$91.80	MISO Indiana Hub \$47.88	NYISO Zone G \$60.18
PJM West Hub \$53.60	ERCOT North \$56.01	CAISO SP15 \$61.74
NYMEX NG	Close	Change
Sep-21	3.933	-0.126
Oct-21	3.948	-0.123
12-Month	3.739	-0.081
Cal 22	3.539	-0.051
Cal 23	3.062	-0.006

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,776	2,727	3,324	2,954
Diff v. Current		49	-548	-178
% Diff			-16.5%	-6.0%

